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**AN EXPLORATION OF THE INFLUENCE OF
SENSEMAKING ON THE PROCESS AND
OUTCOMES OF POSTMERGER INTEGRATION**

M.H. KLEINSCHWÄRZER

DBA

UNIVERSITY OF BRADFORD

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**An exploration of the influence of
sensemaking on the process and outcomes of
postmerger integration**

Case studies in four manufacturing companies.

Markus Helmut Kleinschwärzer

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Keywords: Case study, Change management, Human functional elements, Merger and acquisition, Semi-structured interviews, Sensemaking

Abstract

Mergers and acquisitions have become very popular in recent decades for firms seeking competitive advantage. The high failure rates of these initiatives make a closer look at the influence of the human factors and their complexity on these change activities necessary. This study traces the development of merger and acquisition activities in four companies, with a particular focus on individuals' sensemaking over time and on the influence of human functional factors on the process and the outcomes of the mergers reviewed.

A qualitative case-study approach is adopted with sixteen in-depth semi-structured interviews in four post-merger organisations. The analysis of the collected primary data is done through a descriptive analysis of each individual case and a cross-case analysis of the four investigated cases.

The findings show that there is a direct influence of the researched human functional elements and of the individual sensemaking on both the process and outcomes of the reviewed merger and acquisition cases. Based on the findings,

a human functional merger and acquisition model – reflecting the interaction and influence of the human functional elements – and a management guideline for adopting this, are developed.

This study provides a review of the influence of some significant organisational and individual human functional elements, such as leadership, communication, decision-making, relationship, and individual beliefs, values, attitudes and learning on the process and outcome of mergers and acquisitions. Such an investigation of these elements and their complexity, interaction with and influence on the process and outcome of change initiatives, and more specifically in the context of mergers and acquisitions, has not been undertaken previously.

Acknowledgement and Dedication

I would like to thank my supervisor, Doctor David Spicer, for his great support and guidance over the years. Without him, I would have faced big problems and I'm not quite sure if I would have been able to get it done without his support. Thanks David!

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I also want to dedicate the thesis to my brother who has left us much too early. Thanks to you all for helping me and supporting me to get my dream realised.

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1 Introduction

Mergers and acquisitions (M&As) have become significant for firms seeking competitive advantage in an increasingly complex and global business economy (Adler, 1997).

Nevertheless, M&As are accompanied by numerous problems. Bryson (2001) reports that most common problems indicate the crucial importance of human resource management (HRM) factors and include: difficulty in blending cultures and systems, fall-off in service quality, poor motivation, loss of key personnel, flight of customers and loss of focus on long-term objectives (Datta, 1991; Cartwright and Cooper, 1994; Weber, 1996; Moore, 1998; Rhoades, 1998; Tripe, 1999). It is stated that 50 per cent of domestic acquisitions – and 70 per cent of cross-border acquisitions – are failing to produce intended results (Capron, 1999). Since the late 1980s, an increasing amount of literature has addressed the issue of post-acquisition integration (Nahavandi and Malekzadeh, 1988; Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; Ingham *et al.*, 1992; Birkinshaw *et al.*, 2000) and rationalistic models of integration have dominated this literature (Haspeslagh and Jemison, 1991; Elsass and Veiga, 1994; Pablo, 1994). Although these studies, focused on financial and strategic aspects, have significantly increased the knowledge of mergers and acquisitions, this research is incomplete. Personnel issues have not been explored in the past in the context of M&As and to get an overall picture of M&As, it seems important to study the human side of M&As. In the last two decades the number of studies exploring the role of HRM in M&As has increased (see for example Krug and Hegarty, 2001). Research with a human-resource orientation has focused on organisational members' roles and

reactions to organisational changes following a merger and various human functional problems at integration have been identified (e.g. Buono and Bowditch 1989; Marks and Mirvis 1997; Napier 1989; Denisi and Shin 2004). Birkinshaw *et al.* (2000) argue that task integration can only be achieved when it is built on the success of human integration. Therefore research on these human aspects is needed, and led by the literature review and the applied cognitive sub-map approach (Foil and Huff, 1992), 'human functional' elements influencing the human aspects of M&A have been discovered and reviewed here. These enable the analysis and description of how individuals interpret, act and make sense in the context of M&As. The detailed discussion on human functional elements is presented in Sections 3.3 and 3.5.

In addition, sense-making, itself, is an important element to analyse in the context of mergers and acquisitions, as shown in the literature section in Chapter 2. It is of interest to find out how the process of sensemaking, based on the human functional element analysis, took place for the individual person in that given situation and how this person behaved and reacted to that and how he or she made sense of that.

While working for two international operating companies, I have been involved in several merger projects. At this time it was quite obvious that the top management and also the project leader of the M&A projects were concentrating on rational topics such as targets, synergies, market potentials, installed customer bases and similar topics. In none of these merger projects was there any focus on so-called soft factors, such as socio-political, socio-cultural and socio-cognitive aspects. In most cases it was communicated externally and also internally that the fusion had worked out on time and as expected. This was not the case, however, and it has cost the organisation lots

of money. Reflecting the collected experience and impressions given by literature and personal interviews, this is not a company-specific topic. Also, across industries this phenomenon does exist. As a consequence I want to find out if there is any influence of human functional aspects in the progress and outcome of mergers. In this context I want to take a closer look at the impact of 'soft' factors while a merger takes place. I also want to find out what the social aspects are in a merger and how these aspects influence different organisational levels in the course of a merger.

1.1 Research aim

The aim of this research is to investigate the influence and interaction of human functional aspects on the integration process and outcomes of M&A. It is intended to develop an HRM concept for managers undertaking mergers. This concept comprises a systematic approach to help managers to handle the human functional aspects within the M&A process and lead the M&A towards success. It is intended to develop a conceptual research framework to support the research aim. The research aim is presented in detail in Section 3.2. In the next section the research methodology, as an aspect of the research framework with the focus of data collection, will be presented.

1.2 Methodology

The conceptual-research framework informing this research is presented in Figure 3.2. This framework is further developing the aspects and elements of the developed research-specific sub-map approach. It offers the underpinning

research intention and guideline throughout the thesis. There are three core areas investigated in this context: organisation, individuals and the generated change effects out of that. The central key theme is the M&A process dynamic. The foundation of the pyramid is build by the individual and its organisation and represents the observable descriptive elements of this research. By understanding the effects of these aspects of the model on the individual case analysis, the research is able to move towards cross-case analysis of the study to find out if there are systematic and standard findings across the reviewed cases. The philosophical stance of the research is based on the pragmatic approach. The applied qualitative research strategy in that context is the case study. It is intended to generate a detailed understanding of the on-going situations in the reviewed organisations.

The data are collected through 16 semi-structured interviews in four case studies. The participants have either joined the integration project actively in their management roles or they have not been actively involved in the integration. Employees from the participating companies represented this group. The responsible top management of the participating companies did a selection of the 'right' interview participants. This is important to assure the quality of the generated findings. In a one-and-a-half-hour interview session, the participants have answered 12 semi-structured questions. These are focused on the person, the leadership (Leadership) and the M&A process. The interviews have been digitally recorded and afterwards transcribed, coded and qualitatively analysed. The research design, methodology and method will be discussed in detail in Chapter 4.

1.3 Contribution

The study contributes to the body of knowledge on the influence of human capital on mergers and acquisitions. The presented research offers a human functional framework and advances our understanding in respect of change, M&A and sensemaking.

One contribution to literature is in the area of change and more specifically on M&A. It provides empirical work exploring the human side of M&A that is still largely ignored by the literature. The holistic approach, which is based on the cognitive sub-map approach work from Foil and Huff, concentrates on the holistic investigation of the relevant human functional elements and on their interactions and interdependencies while the M&A process takes place.

The presented sensemaking analysis shows the sensemaking development over time of the researched individuals. The study shows the complexity of ongoing activities in the organisational frame and the individual sensemaking while the M&A process takes place.

A further contribution is the developed conceptual human functional model, shown in Figure 5.9. The model offers a unique insight into the area of human functional elements and sensemaking in the context of M&As.

The complexity of the investigations done, the generated research results and the new developed conceptual model can help to guide further research in this area.

For operational managers, the human functional framework developed offers guidance and support for managing human functional aspects in the context of M&As. In doing so, it offers key aspects that are of great importance and which have to be taken care of in order to implement M&As successfully.

A new conceptual human functional model in the area of M&As can help and guide managers to improve success rates of M&A integrations. The developed original conceptual research model has been updated based on the research findings in the reviewed four case studies. Interesting in this context is the time-based influence analysis of the research model in Section 5.7. This analysis shows the level of influence on and of other human functional elements. In this context the elements with the strongest influence are presented. Also, the complexity of the interactivities and interdependencies of the elements, even in a higher order, are presented. Besides the description, the revised research model gives a graphical impression of the interactions for managers.

1.4 Thesis structure

Chapter 2 provides a literature review in the area of M&As, points out the research done in the area of M&A and shows why research in this area is important. In addition, the aspects of change in the context of M&As and relevant human functional aspects that are of importance for M&As, based on former-scholar research, are presented. The literature review then discusses sensemaking and its importance for individuals and organisations in the context of M&As.

In Chapter 3 the theoretical research framework is presented. This includes the presentation of the research aim and the research questions. Besides that, the human functional aspects of the organisation and the individuals are discussed. The chapter ends with the presentation of the created conceptual human functional model. That model is based on the literature review findings and will build the basis for the further research design.

Chapter 4 then presents the research design, the methodology and method of the research. This includes the philosophical approach of the research and the questionnaire used and ethical issues are also considered.

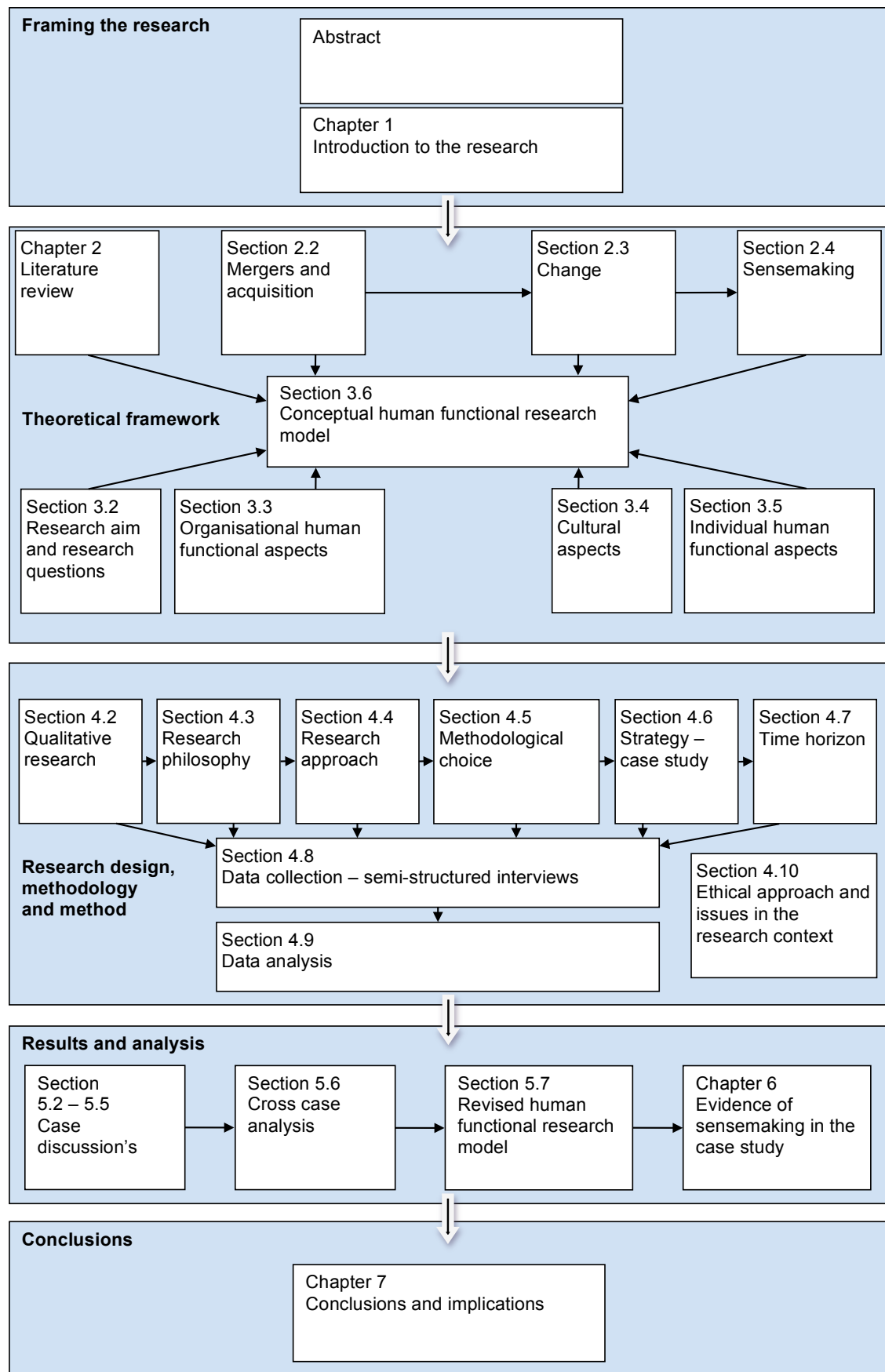
This then leads into Chapter 5, the results and analysis chapter. This chapter starts with descriptive analysis of each of the four realised case studies. The individual case analysis focuses on description and analysis of the holistic integration process and the defined three-process phases. The included cross-case analysis looks at similarities between the cases, even if the integration frame and integration approach are different. It further presents individual aspects of the analysed cases. The focus of the cross-case analysis is on the research of the human functional elements of the defined conceptual research model. It investigates the defined organisational, cultural and individual elements. It further analyses the integration process across the cases and generates key factors and aspects that build the basis for the adaption and update of the original conceptual human functional research model.

In Chapter 6, a sensemaking analysis of all 16 participants' interviews in the four case studies is presented and discussed. The focus here is to find out if there is a difference in approaches between different organisational levels and between levels of involvement in the M&A process. This is followed by a cross-case summary which includes findings highlighting the importance of sensemaking in the analysed case studies.

Chapter 7 then presents the conclusions and the implications of the research done. It starts by discussing to what degree the defined research questions are answered and the research aim reached. This is followed with a discussion of the contribution to research literature and also the contribution to management in the context of M&A. The limitation of the research performed and ideas for

further research in the investigated research area are presented. In Figure 1.1 the thesis structure is presented.

Figure 1.1: Thesis structure



2 Literature Review - M&A, change and sensemaking

2.1 Introduction and structure of the literature review

This Chapter reviews the significant literature related to the research problem outlined in the previous chapter. It starts with a discussion of M&A and the question why M&As are important. This then leads to change, the importance of change and, more specifically, change in the context of mergers and acquisitions. Since M&As and change are influencing individuals, the human functional aspects of change are discussed and, at the end of the chapter, sensemaking and how individuals make sense in the context of change is presented. This extensive review of the literature builds the basis for the conceptual frame of the further activities and also of the theoretical framework and the research design that are presented in the upcoming chapters. Table 2.1 below provides an overview of the literature that will be reviewed in this chapter.

Table 2.1: Overview of the areas of research reviewed in Chapter 2

2.1 – Introduction and structure of the literature review
2.2 – Merger & acquisition
2.3 – Change
2.4 – Sensemaking
2.5 – Summary

2.2 Merger & acquisition

Mergers and acquisitions have become a popular strategic option for organisations (McEntire and Bentley, 1996). Themes including growth, diversification and achieving economies of scale (Buono *et al.*, 1985; Cartwright and Cooper, 1993) are drivers of mergers and acquisitions to ensure the economic and competitive success of companies. Marks and Mirvis (1992) suggest that M&As are often used as a mechanism for firms seeking to develop a global presence. Commonly, mergers are characterised as the consolidation of two organisations into a single organisation, whereas acquisitions are the purchase of one organisation from another, where the buyer or acquirer maintains control (Borys and Jemison, 1989).

Despite the popularity of the merger/acquisition strategy, it is indicated by research that 55-70 per cent of mergers and acquisitions fail to meet the anticipated targets, depending on the type of industry and on the measures used (Cartwright and Cooper, 1996; Tetenbaum, 1999). Traditional attempts at providing adequate explanations for these phenomenal failure rates of mergers and acquisitions are falling short and therefore researchers are showing an increased interest in examining the human or cultural facets of mergers and acquisitions (Pablo, 1994). Yet the fact of high failure rates does not reduce the corporate appetite for mergers. The new century started with the sixth consecutive year of record levels of merger and acquisition activity worldwide. There were more than 40,400 transactions with a combined value of more than US\$3.50 trillion (Thomson Reuters, 2014). Merger literature indicates that the realisation of merger benefits is mixed (Carleton, 1997; Schraeder and Self, 2003). The most common problems mentioned indicate the critical importance of human-resource management factors and include: the difficulty of bringing

cultures and systems together; the fall-off in service quality; poor motivation of organisations and employees; the loss of key personnel; the loss of customers; and the loss of focus on long-term objectives (Datta, 1991; Cartwright and Cooper, 1994; Rhoades, 1998).

As stated by Bryson (2003), it is clear that mergers cannot realise their full potential without positive employee input. However, management often uses mergers as an opportunity to reduce staff and draw back employment conditions. Even in more open acquisition and merger scenarios, staff fear that this may be the hidden management agenda. The dynamics of the global economy, increased worldwide competition and the increased complexity that follows this have consequences for organisations and their employees. These consequences have an impact on the individual's increasing uncertainty about their job and role (Weber, 1996) and the generated anxiety out of that lowered organisational commitment and productivity (Walker, 1998). This is then given an increased focus by the organisation's senior management gaining more and more control. According to Fralicx and Bolster (1997, p. 50), "Cultures can be a make-or-break factor in the merger equation". Financial benefits, which are expected and communicated from mergers or acquisitions, are often unrealised because of incompatible cultures (Cartwright and Cooper, 1993). As mentioned by Schraeder and Self (2003), it is not only researchers who are showing an increased interest in organisational culture implications related to mergers and acquisitions, investors and the markets are also reflecting an increased interest and sensitivity to the cultural consequences of mergers and acquisitions. One example is the merger between Daimler-Benz and Chrysler. The initial enthusiasm shown about the proposed merger was met with warnings that cultural differences could block the success of the proposed union (Simonian

and Tait, 1998). These warnings were not taken into account and the merger resulted in an economic fiasco. Across industries companies are often acting in similar ways to the Daimler-Benz and Chrysler case (Schraeder and Self, 2003). Once a potential partner has been identified, the acquiring firm usually completes the process of due diligence, focusing on hard facts. This process is typically characterised by a very detailed analysis of the target firm's financial data, the product mix, the market presence and market competition and by an examination of any legal issues which may endanger the integration activity (Krallinger, 1997). Mergers and acquisitions can be seen as allowing a firm's portfolio of resources to be transformed very quickly if the integrating company is taking a resource-based view of the integrated firm (Barney, 1991). A key motivation behind mergers and acquisitions is the issue of more and more intangible resources. This means that mergers with the target of synergy effects involving knowledge transfer, technology and strategic capabilities give firms unique opportunities to learn as they move outside their strategic and organisational contexts. In general, due-diligence approaches don't take account of intellectual capital or else deal with it in an inadequate manner. The reason for this is that it is more difficult to identify and assess than tangible assets are. The root cause for this lies in the causal complexity associated with intangible resources (Lippman and Rumelt, 1982; Chi, 1994). However, if there is a failure to consider properly the intangible roots of competitive advantage, the risk exists that the M&A ends up destroying these roots rather than discovering and making use of them. Despite evidence suggesting the importance of human and cultural fit in the success of mergers and acquisitions, Carleton (1997) has stated that firms are not deploying a comprehensive culture-fit audit as a component of their due-diligence approach.

This section has confirmed that M&As are an important means of attempting to ensure a company's future for different reasons. The focus on cultural and human aspects in this context shows that more research and knowledge in this area is necessary to increase the success rates of M&As as a specific form of change. The aspects of change and the human functional aspects of change will be discussed in the following sections. This creates an understanding of what change means, what change creates in individuals and how they reflect and act when they are confronted by M&As. It further shows that it is important to take account of these aspects in order to generate a successful M&A initiative.

2.3 Change

As presented in the previous section, change has become a dominant perspective for corporations ever since they were associated with M&As.

Change can be seen as inevitable and constant, unpredictable and sometimes alarming, and yet to stand still risks decay and stagnation. The only organisations to prosper in the long run are those which are adaptive and willing to change according to the environmental demands and are ready to make changes of their own to adjust to the new realities of competition (Pandey, 2012). Organisations with a capacity for change have increased organisational capability and the know-how to diagnose and manage change and develop the competences to build flexible organisational arrangements (Ulrich and Lake, 1990). The interactivity and interdependence between the elements and variables means that a change in one variable triggers a chain of events that requires adjustments in the other variables to achieve a new state of

equilibrium. Different scholars (Dent and Goldberg 1999; Mabin, Forgeson and Green 2001) have started to focus on various factors that can influence employee reactions to change. Their intention is to illuminate the influence of change on the employees. The employee reaction to change is affected by a wide range of factors. These include the more general aspects, such as the given organisational or change process conditions, and also the employee-specific perceptions in the given change situation. Bearing the importance of these factors in mind, it seems quite clear that scholars have addressed their findings to organisations and managers in response to change initiatives. Kotter (1995), for example, suggests that managers should attempt to investigate and understand the factors that lie behind observed differences in the levels of resistance to change and support for change in order to ensure successful change initiatives.

Some experts have argued that organisational change should be thought of as balancing a system made up of five interacting variables within the organisation: people, tasks, technology, structure and strategy (Pandey, 2012). To apply effective change management, it is necessary to understand these elements and their interaction. Further, the organisational culture is often a reflection of the management approach and of the integration of the individuals into the change process and initiative.

Some of the change initiatives fail because of incorrect and incomplete diagnoses of the internal and external environment (Jayashree and Hussain, 2011). This leads to incorrect choices in formulating appropriate change strategies and frameworks (Hughes, 2006; Kee and Newcomer, 2008). Other initiatives fail because change is not introduced in an integrated manner (Buchanan *et al.* 2005) with careful consideration of internal and external

factors that have to be taken into account. This then leads to partitioned efforts in order to achieve strategic and operative change.

Organisational transitions can paradoxically hinder the use of organisational change-management practices such as the communication of a clear and compelling vision, full and continuous communication and the building of political coalitions (Kotter, 1995). Many change activities are finished and completed before leaders can clarify an organisational end state and are stressed by culture clashes that divide organisations and partners rather than bring them together (Marks and Mirvis, 1985). As a result, restructurings and downsizing in particular tend to be mismanaged as there is a self-imposed sense of urgency to get the cuts done quickly rather than carefully, a fear of violence that exaggerates that actual risk of workplace retribution and a stigma of failure that prompts leaders to downplay the event and minimise communication, with these factors prevailing over careful change-management planning and implementation (Marks, 2007).

The discussion of change and organisational change indicates the importance of organisations' change capabilities to survive competition in the long run. This and the fact of the high number of M&As requires a closer look at change in the context of M&As.

2.3.1 Change in mergers and acquisitions

The presented research is therefore investigating change capabilities in order to research the human functional elements and their influence on M&As. For example, Carleton (1997) highlights four important contextual factors that have an impact on the integration of two organisations. This research is supported by Mirvis (1985) who confirms that one important element in that context is top-

management relations. This aspect includes the reporting relationships, the decision-making process and flexibility. As a second factor, he mentions the compatibility of business systems. This, in his understanding, relates to the technological infrastructure of the respective firms. An important and related third element focuses on the existence of a culture that will support the integration of business systems. The fourth element concentrates on the goals that the respective parties intend to achieve through the integration process of the two companies. Incorporating these elements into an audit presented by Carleton (1997) could further enhance the efficiency and effectiveness of a culture-fit assessment. The application of the cultural assessment at an early stage of the intended integration, for example in the due diligence, could help further in avoiding and reducing integration failures.

It has been estimated by Cartwright and Cooper (1993) that mergers and acquisitions have affected one out of four American workers. The impact of mergers or acquisitions on organisational members is obvious. Based on interviews with more than 100 employees in a merging company, Sinetar (1981) has found that workers show a lot of strong negative reactions upon the announcement of a merger. These reactions range from sadness and shock to more extreme cases where individuals compare the merger with the death of a family member or loved person. In addition Marks and Mirvis (1992) confirmed in their study of a merger between two computer companies that the involved employees feared layoffs, a loss of control and the possibility of relocation. Also the loss of their identity or their work reputation, the insecure feeling associated with their new responsibilities and the loss of peers were mentioned as playing an important role. On the other hand, they discovered that these employees hoped for improved processes, new goals, the integration of different functions

and the learning of new skills and methods. Based on these findings, it is quite clear that mergers and acquisitions are defined as trigger events that provoke new thoughts and behaviours by organisational leaders and members (Isabella, 1992).

The context and type of merger or acquisition play a major role when it comes to the level of influence of employee receptivity and reaction to the proposed approach and intended fusion. In particular, it is important to mention that there exist a huge number of approaches to mergers or acquisitions. The chosen integration approach will have a major impact on employee perceptions, identification and motivation concerning the intended integration and union. Hostile takeovers, as one example, generate a major threat to an organisation's integrity and identity (Schneider and Dunbar, 1992).

In further research in this area, Chatterje *et al.* (1992) state that the influence of acquisition integrations on conglomerate corporations is mainly limited to planning and financial systems. In their research they further state that the other departments or divisions besides those mentioned will remain independent and, therefore, will likely remain unaffected by the other organisation's culture. These findings of Chatterje *et al.* are in contrast to related research on mergers and acquisitions where the researchers experienced a higher degree of cultural integration as a result of the firms' desires to create synergies between the two merged and integrated companies.

McEntire and Bentley (1996) have researched a merger of two travel agencies. In that context they have identified six themes associated with the integration of the organisational cultures. The first finding was the identity theme. This theme is characterised by questions and concerns about who the organisation is. It considers the question as to what the final and defined company name will be

and also refers to visions associated with the name. The second theme focuses on reputation and its embodied elements. Besides professionalism, these also include customer-service attitudes. The further four themes taking into account other comprehensive and interacting aspects of organisational culture (Schraeder and Self, 2003). These themes show that it is important to keep a closer eye on common challenges associated with mergers or acquisitions and to examine them. Pablo (1994) highlighted the importance of task characteristics, cultural characteristics, political characteristics and demographic characteristics in the context of integration processes and dynamics. This typology seems to be important to stratify the integration challenges associated with mergers and acquisitions.

Besides the importance of the themes mentioned above, Mirvis (1985) has defined important factors that can create challenges to the operational activities of two separate firms. In his research he mentioned the compatibility of the respective business systems as a major challenge. He further mentioned that organisational members often experience difficulties adjusting to new procedures and performance standards (Marks and Mirvis, 1992). Also, differences in managerial styles and accounting practices can lead to tension in the integration process (Cartwright and Cooper, 1993).

These difficulties have a real and measurable overall impact on the integration approach, on the organisational performance while the merger activity is going on and on the post-merger situation. Weber (1996) suggests that the anticipated benefits and expected gains associated with a merger or acquisition are often unrealised because of productivity losses and the paralysing effect of mergers and acquisitions on a company's human resources. Problems such as poor utilisation of technology, weak human-resource systems (e.g. evaluation

systems) and low employee morale are often aggravated as an outcome of mergers (Walker, 1998). The aspects mentioned above demand a closer look at human functional aspects in the context of change and M&As. The next section, therefore, will discuss human functional aspects in the context of change.

2.3.2 Human functional aspects in change

The adaptation to change is a process whereby an individual person moves from a status of being preoccupied with the transition towards the integration of the change into his or her daily life (Schlossberg, 1981). One consequence of the change to the individual is that they adapt in a way that produces either psychological growth or psychological deterioration. A further implication of the adaptation is that the individual gets new values, attitudes, behaviours and expectations that conform more with the with post-change realities than with the pre-change realities.

The human adaptation to change occurs through two stages. Parkes (1971) describes the adaptation as an internal process which takes place at the level of the individual person. He says that, in the first step, one set of assumptions is abandoned and, in the second step, a fresh set of assumptions – to enable the person to cope with their newly changed situation – is developed. A similar approach is discussed by Moos (1976) when he states that employees go through a two-stage process. At the first or initial stage they go through a disequilibrium in which an individual's usual problem-solving mechanisms do not work and afterwards they pass through a second stage of returning to equilibrium after the individual works out new ways of handling things. Therefore, in the first stage of the adaptation to change, the individual tries to focus on minimising the unexpected, undesired impact and eliminating the

blocking aspects of the transition. At the second stage, the individual tries to discover and make use of personal growth opportunities that come up while the change and transition takes place.

Instead of using the opportunity for renewal, the research shows that “carry on with the old ways” tends to dominate over “let’s try something new” during and after the change for organisations and their employees. They tend to maintain the status quo during the change and to get them through difficult times (Chattopadhyah *et al.*, 2001). Therefore it seems quite possible that employees experience real or perceived negative consequences from change and transition but do not see or register improvements to their individual situations or notice organisational improvements arising out of the change because of their focus on the personal and organisational status quo.

Unfinished and discontinuous change activities have become a way of life in many companies and organisations. Very often an acquisition is followed by a downsizing, then by a restructuring, another wave of downsizing, a subsequent restructuring and so on. The effects of each of these activities are cumulative and also the costs of each “ongoing change” initiative will add up (Kiefer, 2005). O’Toole (1995) notes that continual discontinuous change is not a natural condition of life and that resistance is a response that is to be expected. It is important to mention that the resistance of individuals to change initiatives is not because of a general point of view, it is because people fear that they can lose something that is important and of value to them. Burke (2002) describes it as “loss of the known and tried in the face of being asked, if not forced, to move into the unknown and untried”. In a merger or acquisition, the potential for loss (both real and perceived) is extensive, as everything from one’s anticipated

career path to overall corporate identity are potentially threatened (Marks, 2007).

There exist two major views of organisational change. The group of recipe-givers, who identify with the large consulting-firm model of change (Miles, 1997) are seen as supporting the rational-linear view of organisational change. The other group, the model-builders, are seen as supporters of the systemic-multivariate view of organisational change (Cooperrider and Bilimoria, 1993; Marshak, 1993). The common understanding of the supporters of the rational-linear view of organisational change is that there is an optimum solution for organising labour, raw materials and capital and for adopting new organisational practices (e.g. Church *et al.*, 1994).

Within that view, the focus has been mainly on the characteristics and contingencies necessary for the success of implementing organisational change. Situational models of contingencies, under which different approaches to change assume one-best-way across business contexts or timescales (Tushman *et al.*, 1997), present an ideal model of what happens in organisations at different points in time or in different contexts (Saka, 2003).

There is a lot of research reporting on the implementation of change programmes where the final status is far from being a replica of a discrete set of economic, structural and technological contingencies (Senge, 1990; Pettigrew *et al.*, 1992). This results in the evidence that universal prescriptive models of change management are inadequate to describe the diversity of the approaches used by organisations (Dunphy and Stace, 1993).

To date, investigations have largely focused on the identification of critical variables that might better explain how organisational change can be managed to the best effect (Kanter *et al.*, 1992). Studies have pioneered the ways in

which managers explain the characteristics that facilitate or inhibit the process of change (e.g. Weick, 1995; Camall, 1995). In this respect, managers constitute internal-change agents that shape the conditions for change (Hartley *et al.*, 1997). They hold views and visions that often conflict with established mental models and hence fail to be put into practice. Very often the term “internal-change agents” refers to managers rather than internal consultants. As Hartley *et al.* (1997, p. 62) argue, “the literature is less informative about those who try to develop change from within the organisation”. Such change agents may be senior line managers or those specifically charged with managing the processes of organisational development and cultural change in the organisation. Unlike the definition that is commonly adopted, for instance, by US firms, internal-change agents in the cases reported here do not necessarily have skills in, and knowledge of, change theory or change processes (Saka, 2003).

It is reported that psychological contracts have become increasingly salient in times of rapid change (Guzzo *et al.*, 1994). The psychological contracts of employees play a central role in the change process. The increased instability caused by the change initiative leads employees continuously to reflect, reassess and renegotiate their personal contracts (Guzzo *et al.*, 1994; Shield *et al.*, 2002). The psychological contracts offer an insight and concept for the employee’s expectations in the organisation in order to change and restructure initiatives. They can also change the principles of the employee’s beliefs about how they should be treated. Therefore it is mandatory for organisations and management to understand which contractual elements receive the most attention during times of change and which are the most vulnerable to violation (Bligh and Carsten, 2005).

Scholars have continuously shown that social support, communication, job security and work-role stability become very important and increasingly violative during times of change, restructuring and organisational transition (Guzzo *et al.*, 1994; Marks and Mirvis, 1998). In addition, the relationship and interworking between manager and employee becomes increasingly significant during times of organisational change (Hubbard and Purcell, 2001; Niehoff *et al.*, 2001). Employees become engaged with questions regarding themselves and the organisation they are in. The questions they are asking are how the restructuring will affect their personal integration, pay and benefits, but also what will be the impact of change to the firm's structure, to whom will they be reporting and how will communication patterns change, as well as other questions. Marks and Mirvis (1998) found an influence of top management on the feelings of employees and on the individuals' sense of personal stability arising from the way in which top management handles the merger and change initiative.

Nikandrou (Nikandrou *et al.*, 2000) has suggested that good management-employee relations, as well as communication, before, during and after a change, increases the organisational commitment and trust of employees. These communication policies have also been shown to help employees to overcome the psychological barrier that follows the announcement of organisational restructuring and employee lay-offs (Buono and Bowditch, 1989) in change and merger initiatives.

Schweiger and Denisi's (1991) study offers similar results in the context of leadership and communication following a merger. They state that honest and direct communication towards employees following a merger is important for the process and outcome of the merger. Their findings show that mergers have a

negative impact and influence on employees at the beginning of change. They further state that the means by which the organisation communicates with employees directly affects how employees cope with the changing organisation and the change process. In that context, managers play an important role and a key function in the distribution of information across the organisational levels, from the top levels of the organisation to lower-level employees. Additionally, employees often rely primarily on their direct supervisor as a means of gaining knowledge and understanding of change initiatives. Thus it might be expected that managers feel a dual responsibility to both the upper tier of management as well as to their direct charges in times of change (Bligh and Carsten, 2005). In change and merger situations topics such as social exchange, organisational and management support and personal and job security are very important for employees while the process is taking place. These elements build the critical components when it comes to the employee's psychological contract. If these elements are not supported in the change process, the employee perceives and feels a break of their contract.

Hubbard and Purcell (2001) demonstrate in their research that employees develop specific personal expectation from a change and restructuring process. These expectations exist and develop throughout the whole process. They state that, in this context, managers and their way of leadership and communication play an important role whether these expectations of the employees are met or not.

In change and merger situations managers across the functional layer play an essential role in order to mobilise and lead employees within the organisation to generate support for these changes. Therefore it seems to be quite important

that managers are qualified to be able to fulfil the expectations of both the organisation and the employees.

Pate *et al.* (2000) said in their study that employees reported, after surviving a major restructuring effort, that issues such as “managerial incompetence” have led to a decrease in their satisfaction and commitment towards the organisation. On the other hand, it is reported in another study that employees have felt reduced worries about job instability because of honest, fair and believable communication by their managers (Shield *et al.*, 2002).

A study by Niehoff (Niehoff *et al.*, 2001) presents a link and interaction between empowerment, job enrichment and loyalty. They show that managers who use arguments of empowerment and job enrichment are successful in keeping and improving employees’ trust in and loyalty to the organisation during change and restructuring initiatives.

Other studies reveal that focusing on maintaining psychological contracts during the integration process directly impact on the success of the merged organisation (Shield *et al.*, 2002). In particular, that managers play a crucial role in delivering information to direct employees and the lower levels of the organisation. They also find that employee involvement is one way to avoid the psychological contract break that may result from organisational change.

Cartwright and Cooper (2000), further stress the importance of making contract renegotiation simultaneous with organisational change. The manager’s responsibility regarding communication is to keep the employees informed throughout all stages of the change process; honest communication can enhance the status and the development of the change initiative. Managers are also responsible for the evaluation and allocation of the amount, timing and quality of information given to their employees (Weber and Weber, 2001).

Managers can also find themselves in a critical position while change processes take place, and personally feel substantial reservations about the change. This comes because, on the one hand, they are asked to provide detailed and accurate information to their employees, while on the other they are simultaneously struggling to absorb the required information, in terms of both quantity and quality, from their own management in order to communicate adequately to those employees directly under them (Hubbard and Purcell, 2001).

To summarise, the role of a manager in an organisational change initiative may be conflicted. This means that managers are not only responsible for supporting their direct charges emotionally and materially while the change process takes place, but they are also perhaps confronted with personal reservations regarding the ongoing change process. Managers may therefore feel obligated to provide both information and support to those directly under them, while simultaneously feeling the need to receive such encouragement from top management as well (Bligh and Carsten, 2005).

This discussion points out that it is important to take into account the individual's psychological side in order to support adaptation-to-change initiatives. Studies consistently show that the results of a transition where employees have lost their jobs are less job involvement and organisational commitment and reduced intention to remain in the organisation from those employees who have survived the change and transition (Fugate *et al.*, 2002). Also, organisational trust declines (Cascio, 1993) and the fear among employees increases (Buch and Aldridge, 1991). The increased sickness rate of layoff survivors has been well documented. This includes symptoms of job

insecurity, feelings of unfairness, burnout and depression, reduced motivation, distrust and unfaithfulness (Brockner, 1992).

The generated consequences of mismanaged transitions are illustrated in the areas of behaviour as well as attitude. It is noted by Staw *et al.* (1992) that, under conditions of threat, where individuals or groups of individuals perceive that the changed situation may have negative or harmful consequences (e.g. layoffs, downsizing) for them, organisations will experience a “mechanistic shift” and will centralise information, limit communication and rely on habitual responses that are likely to be dysfunctional for the change and transition. Specifically regarding mergers, organisational downsizings and other major transitions, studies have shown that organisational communication gets worse (Cascio, 1993) and managerial rigidity increases (Cameron *et al.*, 1987). It is further reported by employees who survived major transitions that they experienced a lack of direction in prioritising work, feelings of risk avoidance and an increase in role insecurity, political behaviour and work-team dysfunction (Marks and DeMeuse, 2003). They also reported that they worked harder but no more effectively – the workload does not get smaller when the workforce does (Greenberg, 1990).

The presentation of human functional aspects in change illustrates the complexity of the influence of change on human functional elements. It further signals the importance of these elements in mobilising employees. Since change in organisations can only be a success if the individuals are committed and supportive of the planned or initiated change, it is important to understand the process of how individuals make sense of change activities. The following section, therefore, will describe the sensemaking approach and more specific sensemaking in order to facilitate change and M&A. Together these aspects will

build the basis for the development of the theoretical framework and the conceptual model of human functional elements in Chapter 3.

2.4 Sensemaking

According to Weick (1995), sensemaking is closely linked with social-identity construction. Sensemaking is the process of clarification of a given situation, of what is happening and what should be done (Weick, 1995). This is based on the personality of the individual, his beliefs, values and attitudes, and also on the individual's experience and background as a basis for making sense. In that context, it is important to mention that an individual may have, or may adopt, multiple or even contradictory social identities depending on the social context and situation (Tajfel and Turner, 1979; Ashforth and Mael, 1989).

Sensemaking focuses on "placing information into frameworks, avoiding surprise, constructing individual meaning, interacting in the ambition of the holistic understanding, and patterning" (Weick, 1995, p. 6). Another group of researchers defined sensemaking as a process of perceiving, believing, interpreting, explaining, predicting and acting both individually and collectively in a given organisation (Cecez-Kecmanovic and Dalmaris, 2000).

Weick (2001, p. 8) uses cartography to describe the process of sensemaking. His understanding is that there are an unlimited number of plausible maps that can be created to describe reality. He states that no one map gives a true representation of the reality and that the role of imagination and the need are central to the individual's need for fulfilment. He further says that sensemaking is also a social activity, the individual comparing his map with the maps of

others. This means that the terrain keeps changing while the employee tries to keep a temporary stability in this continuous flow (Weick, 2001, p. 9).

Employee sensemaking can be defined as a communicative, social-interactive and interpretive process that takes place during change to evaluate the process aspects of an ongoing change initiative (Barrett *et al.*, 1995; Tsoukas and Chia, 2002). These discussed aspects ask for a closer look at the intersubjective process and approach of sensemaking in the context of change. This will be presented in the following section.

2.4.1 Sensemaking in organisational change and M&A

The M&A, as a specific form of organisational change, has a strong relationship with the individual sensemaking. Weick (2000, p. 238) characterises change and sensemaking as close relatives. He states that an emergent change can be supported by an organisational culture that respects and values employees and their contributions. The process of sensemaking in upcoming and initiated change is focused on the employee's choices and actions in relation to existing and developing frames. A number of empirical studies have adopted a cognitive approach for sensemaking as a theoretical framework for understanding the change process (Isabella, 1990; Weber and Manning, 2001). This suggests that employees start right from the beginning of the M&A activities with continuous reflection, evaluation and selection of alternatives to support and secure their individual futures. It is therefore of importance to understand what human functional elements are included in the sensemaking process and how the sensemaking approach of individuals is constituted in the context of M&As.

Another researcher (Mills, 2000) focuses on language as a factor for the cognitive approach. This approach shows a significant deviation from dominating cognitive approaches of sensemaking in the management literature. Responsibility for an acquisition and the previous organisational and cultural backgrounds and their roles in the new organisation create different kinds of social identities for decision-makers and employees alike. Therefore, in the change process and also in the post-merger organisation, this is providing different frames for interpreting the integration issues.

The level of involvement in the acquisition process does create division among managers. In the pre-acquisition process, only a relatively small number of acquiring organisations are involved in the process and typically these are members of the strategic and corporate management. In the integration and post-acquisition process stage, a far greater number of employees – typically from the acquiring and the acquired organisation – are participating in the active integration team.

It has also been indicated by prior research that the level of active integration in the planning process of the change and acquisitions approach influences the commitment of the initiated merger. It was found that employees from an organisation who are actively involved are very much committed to the initial justification and integration ideas compared with these employees who are passive at this process stage (Duhaime and Schwenk, 1985; Jemison and Sitkin, 1986; Haunschild *et al.*, 1994a). This aspect of involvement indicates the requirement to investigate how far the degree of involvement has influence on the level of the individual's commitment. This is of importance since not all employees are actively involved in the M&A process.

The mental mobility of employees in response to the changed cultural environment is important to the level of identification and acceptance in a merged, integrated organisational environment. This aspect is important in that organisational members mainly come from previously separate organisations with often different cultural approaches. This may be a block to the acceptance of the new way of doing things in merged organisations. Prior studies in this area have provided a lot of evidence of how the organisational members (e.g. Buono and Bowditch, 1989), including the managers (Datta, 1991; Cartwright and Cooper, 1993; Greenwood et al., 1994) are bound to the previously different and separate human functional systems as belief and value systems and also as cultures in the merged companies.

This organisational identity may defy levels of social stratification, leaving groups as disparate as top management and shop workers sharing a very similar view on certain issues. It is argued by Barley (1986) that the interactions and interpretations of employees can lead to variations in organisational structures and outcomes. The process by which a particular social reality is defined and committed, based on such interactions and interpretations by organisational members, is called sensemaking (Weick, 1995).

The dynamics of the global economy and the consequent complexity have further consequences for organisations and their employees. These consequences influence the individual's increasing uncertainty about their role. This level of anxiety lowers productivity and this leads to an increased focus by the organisation's senior management on a higher lever of control. The challenge now for change managers is to deliver successful projects in a climate of change and uncertainty, within an organisational framework that

responds to this change and uncertainty, by imposing more control (Parry, 2003).

Studying sensemaking during change implementation allows us to better understand the interactions between multiple human functional aspects and interpretations and their behavioural consequences as they are shown in a real-life organisational change. There exist a limited number of empirical data regarding how organisational members behave in organisational transformations. The existing studies are empirically limited and have not covered a process focus (Pettigrew and Fenton, 2000). To get a holistic understanding of the trigger elements and of the process of sensemaking of individuals while an M&A implementation takes place, it is necessary to investigate cognitive development over the implementation. This will potentially identify important aspects that can help to facilitate an understanding of the individuals' sensemaking process and create findings to support the improved success of M&A.

2.5 Summary

This chapter reviews the relevance of the three main areas of research. The presented areas of M&A, change and sensemaking build the cornerstones of the research. The discussed aspects are of high importance to further chapters. This chapter has reflected on the actual situation in the above-mentioned areas. It has focused on the question of why M&As are important for organisations in the current economic situation. Also, it discusses why change is important for organisations and where the critical and important areas and limitations are in that context. The definition of sensemaking and the relevance to M&A and

change are presented and discussed. The discussions show and underpin the importance of sensemaking in the context of change and M&As and ask for further reviews and research to improve the understanding of this. By mobilising the support of the employees, a sustainable improvement in the success rates of these specific change initiatives can be realised. The presentations in this chapter lead to the development of the human functional elements that will be investigated in the research and also to the development of the conceptual research model as a research frame in the next chapter. These elements will build the basis for the further research and the completed survey in that context.

3 Theoretical framework

3.1 Introduction

The aim of this chapter is to set out the theoretical basis of the presented research. The chapter discusses the organisational and individual human functional aspects and justifies the selection of these elements. It further discusses the aspect of culture influences and their importance in the context of mergers and acquisitions. The summary of all the presented human functional aspects and their interaction and interdependency is presented in the developed human functional merger and acquisition model. This model represents the basis for the research design, methodology and method, which will be presented in Chapter 4, needed to meet the research aims. Table 3.1 provides an overview of the issues that will be reviewed in this chapter.

Table 3.1: Overview of Chapter 3

3.1 – Introduction and structure of the chapter
3.2 – Research aim and research questions
3.3 – Organisational human functional aspects
3.4 – Cultural aspects
3.5 – Individual human functional aspects
3.6 – Conceptual model
3.7 – Chapter summary

3.2 Research aim and research questions

The literature review of change in the wider context (Section 2.3) and more specifically of change in terms of mergers and acquisitions (Section 2.3.1) has shown a need for a deeper analysis of human functional aspects in order to understand the process and outcome of mergers and acquisitions. The review indicates that there is no one single human functional element that influences merger and acquisition activities, but that there seem to be bundles of elements which may have either a direct or indirect influence, in combination with other elements, on the process and the outcomes of these approaches. The interaction and interdependency of the researched human functional elements is also of interest in the context of the applied research framework and approach.

The literature review has also shown that the individual's adaptation to change will take place in phases (see Section 2.3.2). Therefore it is important to cover also the time aspect in the research design and framework. To get a holistic understanding of the motive and the underpinning of the thesis, the research concept chapter will present the conceptual framework approach that will be used to give sufficient coverage to find sophisticated answers to the intended research aim. The framework of the research is based on the multi-dimensional interaction of both the organisational and the individual human functional aspects, their interoperability and their dependency, both of which may influence the postmerger integration process and also the outcomes of the reviewed mergers and acquisitions.

To cover all related human functional elements and aspects in their complexity and to be able to generate a holistic interpretation of the interacting events, while the postmerger process takes place, a systematic approach that fully covers and

supports the descriptive behavioural approach of individuals while the integration approach takes place will be applied. The cognitive map approach, and more specifically a cognitive sub-map approach from Foil and Huff (1992), will be used to generate adequate answers. They define cognitive maps as graphic representations that provide a frame of reference.

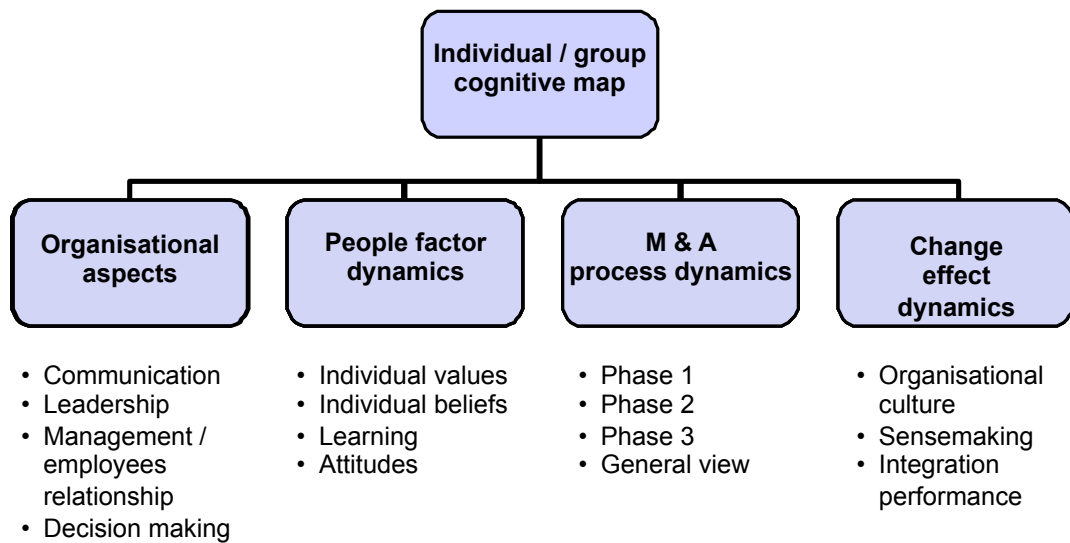
Cognitive maps are graphic representations that locate people in relation to their information environment. This means that cognitive maps describe graphically the unique ways in which individuals view a particular domain and situation (Axelrod, 1976; Eden *et al.*, 1979). The intention in drawing a cognitive map is to describe an individual's conscious perception of reality, with sufficient detail to capture the individual's idiosyncratic world view, while filtering out the myriad details which relate to specific situations or detailed instances of the individual's experience (Yamin and Gunasekaran, 1999). The belief systems of individuals form the frame of reference used by the cognitive maps to introduce structure and meaning to particular situations (Weick, 1979; Dunn and Ginsberg, 1987).

Huff (1990) mentions that three "sub-maps" of different aspects of cognitive processes reflect those aspects more adequately (Huff, 1990). The first set of sub-maps offers frameworks for identifying key actors, events and processes (critical features of the landscape). A second set provides information about the interrelationships of these key entities (scale, relative position) and the third group of maps provides information about potential linkages among entities of importance to the organisation through times (routes) (Foil and Huff, 1992). Taken together, the three sub-maps provide a tool kit for managers who must make sense of ambiguous and changing environmental stimuli. It is argued by Fiol and Huff (1992) that, although all three sub-maps are necessary to make sense of the map as a whole, managers should understand and learn to identify these separate

components of the mental maps in their organisation for two reasons. First, a danger exists if only one map is used. The problem here is that other sub-maps will be implicitly assumed and remain unquestioned. In today's changing environment, positions, routes and projected outcomes cannot go unquestioned. This problem is especially troublesome as it relates to the identity sub-map. Second, Fiol and Huff argue that explicitly managing separate sub-maps is important because they are not equally interdependent from an action perspective (Yamin and Gunasekaran, 1999).

Based on the cognitive sub-map approach, three sub-map groups for cognitive domains of the merger and acquisition sub-map model have been identified. The organisational aspects and the people factor dynamics represent the first set of sub-maps, the so-called "key actors". This is important as it is of interest in the research to find out how these elements influence and are influenced over time by the change and what this generates as an outcome for the research. The second group of sub-maps is represented by the M&A process dynamics. This group gives an overview of the development of the first subgroup elements over time, their interoperability and interdependence over time in the reviewed organisations. As in Figure 3.1, shown below, the third subgroup, "change effect dynamics", indicates the outcomes and different interpretations of the individuals and groups within the reviewed organisation.

Figure 3.1: Selected sub-map groups for the case-study research

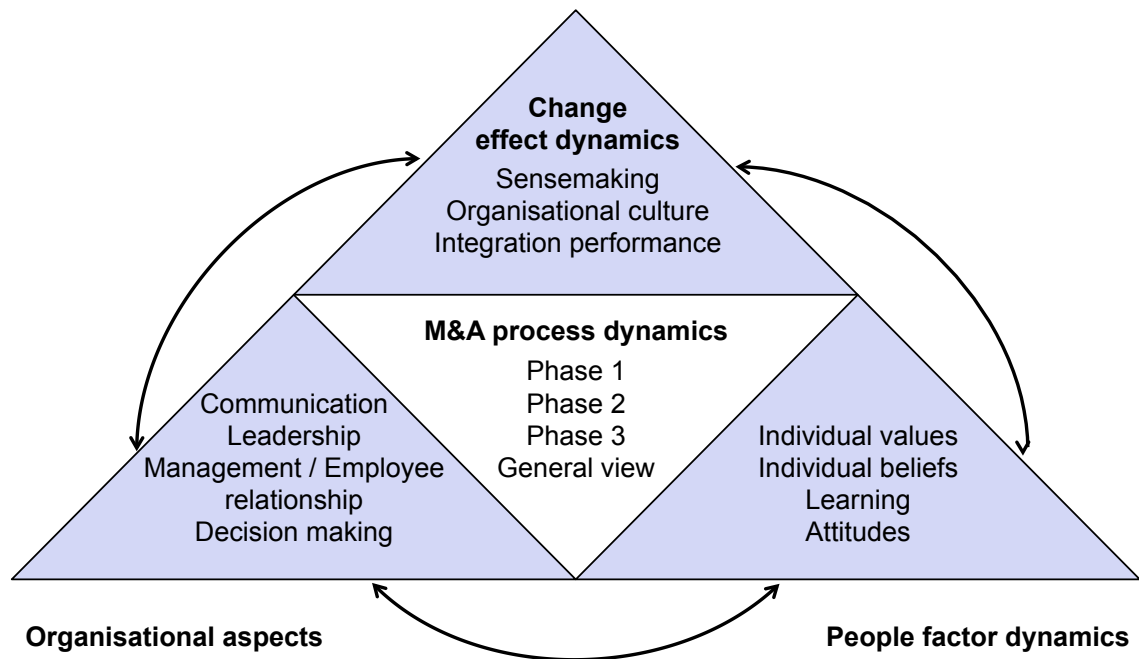


The conceptual research framework is presented in Figure 3.2. This framework further develops the aspects and elements of the developed research specific to the sub-map approach. It offers the underpinning research intention and guideline throughout the thesis. There are three core areas investigated in this context: organisation, individuals and the generated change effects coming out of that. The central key theme is the M&A process dynamics. Therefore the element is located in the centre of the pyramid and offers the possibility of reviewing the mergers and acquisitions process activities. The four aspects included in that group define the three time phases that cover the whole integration process of the reviewed four cases – phase 1, the initial phase where the employees are confronted by the change; phase 2, the major transformational phase; phase 3, the stabilisation phase – and the more general view that represents elements which are, to a certain degree, independent from the timescale of the integration.

The foundation of the pyramid is build by the individual and the organisation and represents the observable descriptive elements of this research. By understanding these aspects of the concept, the research is able to move towards the interpretive

phase of the study. This is done by looking closely at the effects generated out of that in the context of the M&A change initiative within the organisation.

Figure 3.2: Conceptual framework



The arrows in the figure indicate that all triangles are linked via the M&A process dynamics triangle. It is of interest to examine whether there is a link between the elements in the triangles and, if so, to what degree and also to discover if there is a dynamic development of the elements over time. This could then also influence the individual's cognition and sensemaking.

The heterogeneity and complexity of the human functional factors demands a closer look at the trigger, the interaction and the common influences on different levels of involvement to understand the individual sensemaking approach of merger and acquisition integration processes and to get sufficient answers to the research aim and research questions that will be presented in the following Sections 3.2.1 and 3.2.2.

3.2.1 Research aim

The aim of this research, as presented in Section 1.1, is to investigate the influence and interaction of human functional aspects on the integration process and outcomes of M&A. The literature review is centred on supporting the research aim. Furthermore, it is intended to develop an HRM concept for managers performing a merger. This is based on the findings of the research and on the existing research literature in this area. The framework of the concept comprises a systematic approach, helping managers to handle all human functional aspects to make them favourable to the M&A's success.

The research will focus on three different areas: the context area, which takes into account the M&A activities; the process aspects based on the sensemaking approach; and also the applied method in the research, which is covered by cognitive maps. The aim is to find the answer to the research question from these three focus areas by analysing and investigating the context and interactions in detail. Therefore the holistic investigation of human functional aspects and their influence on the M&A activities and the performance and progress of the merger is the focus of the research. This will be done by investigating groups inside and outside the merger project team and also the influence on employees working for the integrating and integrated organisational units. In this context, their interaction, their peculiarities and also their influence on the merger activities, as well as the merger activities' influence on them, will be analysed.

3.2.2 Research questions

Questions are based on the research aim, which is the investigation of the interaction and influence of human functional aspects towards the M&A

integration process and the outcomes of these activities and, in so doing, to understand the sensemaking processes of those individuals involved in the M&A process. Furthermore, it is intended to develop an HRM model for managers undertaking mergers. This is based on the findings of the research and on the existing research literature in this area. The model offers a basic platform of human functional aspects whereby managers are able to use that to bring about favourable attitudes to their change and M&A activities.

Five research questions have been developed to create a holistic understanding of the influence of mergers and acquisitions on individual people working in the integrated company and of the influence of the employees' attitude to the integration process on the outcome of the integration. The success or failure of the research to answer each of these questions is considered.

RQ1: *To what extent do human functional aspects influence the merger & acquisition progress and the M&A outcome?*

A selective number of human functional aspects have been defined to describe the behaviour of employees throughout the integration process. These aspects provide only a limited level of evidence if they are considered individually (in isolation) as has been the case in previous research especially in the context of mergers and integrations. Therefore the aggregation of these elements, their interaction and influence against each other are of essential importance to generate a clear understanding of what, how and why individuals are influenced while a merger takes place. This is a main focus of the research. The selected elements are based on Foil & Huff's cognitive model and are split into three

cognitive domains, as described in Section 3.2: organisation, individuals and the change effects generated from that. The key theme is the M&A process dynamics. The relevance of the selected elements and their influence on the individual and on the process and outcome of the reviewed case studies is tested in the semi-structured interviews. The four researched case studies represent different companies, company structures and integration approaches. This combination offers the opportunity to compare the different approaches against each other and generates general findings for the four case studies done. The interview questions – shown in Appendix 3 – are formulated so as to reflect the research intention on the presented elements and the expected research aim arising out of these elements.

RQ2: *Does the level of influence of the merger on employees depend on the company to which they belong, or on whether they are actively integrated into the integration teams or into the organisational unit to which they belong?*

The intention with this research question is to find out if there is a difference in the level of influence on the employees depending on the organisation to which they belong, – integrating or integrated company – and also if the level of integration has influence on the personal human functional aspects of the individuals and individual sensemaking. In this context, it is also of interest to investigate if there are all-organisational units of the integrating and integrated organisations that are identically affected by merger and acquisition activities. This is important insofar as it can give information about the level of influence on employees of the different organisational units. As in Section 2.4.1, there

exists a difference of commitment towards merger and acquisition activities between employees actively involved and employees who are passive during the process stages.

RQ3: *Does the social construction and sensemaking approach of individuals influence the change process and the outcome of the merger?*

With this research question, it is of interest to find out if there is a change of individual social construction over time. It is intended to research whether there is an individual adaptation to events and changes while the integration activities take place. The discussion of sensemaking in Section 2.4.1 has shown that sensemaking is an intersubjective and interactive process with elements of change and communication. Section 3.3.1 describes communication as an element that is influencing the readiness for change and the social-identity process of individuals insofar as it is of interest to understand if an individual's human functional elements do change over time, if there is a level of influence across the elements and what might trigger that change. Also it is important, as mentioned in RQ2 to see whether there is the same level of influence on different organisations and organisational units.

RQ4: *To what degree has the originally designed human functional research model been updated to support the defined research aims based on the findings of the researched mergers and acquisitions?*

The designed human functional conceptual research model (see Figure 3.6) has been developed based on the selected human functional elements

generated out of the literature review. It reflects the basic understanding of important factors as a basis for the interview design and it further illustrates a possible connection and interaction between the displayed elements. Both these aspects are tested and investigated in the qualitative research with questions addressing the enclosed human functional elements and their interdependency and interaction along the whole integration process. The consolidated results across the four reviewed case studies will then be reflected in the basic conceptual model and adapted in order. Section 3.2 presents the applied sub-map approach from Foil and Huff. This approach includes three cognitive domains where the reviewed “key actor”, human functional organisational and individual elements, and their development and interaction, are reviewed over time in the form of the second cognitive domain, the “M & A process dynamics”. The model is adapted based on the generated findings. The relevance and dynamics of the included elements is presented in Sections 3.3 and 3.5.

RQ5: *Is it possible to generate a guideline for managers for understanding human capital aspects to improve the success rate of mergers and integrations based on the research findings?*

The update of the conceptual research model, based on the research findings, offers the platform for the development of merger and acquisition guidelines for managers. The descriptive and interpretative approach of the offered results makes it possible to create a merger and acquisition guideline for the whole integration process based on the completed research. A limitation for generalisation of the findings and of the guideline does exist because of the

research sample size. The generated adaptation and update of the originally designed human functional research model (Figure 3.6) from RQ4 builds the foundation for the development of the merger and acquisitions guideline for managers. The discussion of the human functional elements in Sections 3.3 and 3.5 shows that an influence does exist. Based on the qualitative research analysis on the human functional elements and the sensemaking, the guideline will be created.

In the following section the aspects of the presented functional sub-map approach will be discussed and their importance in the context of change and, more specifically, of mergers and acquisitions presented.

3.3 Organisational human functional aspect

The organisational human functional aspects reflect those aspects to be researched in the context of mergers-and-acquisition change processes that are aligned to organisational originality. They include the elements of communication, leadership, management/employee relationships and decision-making. As shown in Figure 3.1, the applied Foil and Huff subgroup model, the decision-making element is in the subgroup of “organisational aspects” and not in the “change-effect dynamics” group. The reason is that the decisions are made by management who are representing the organisation while the change activities take place. Decision-making is seen by the organisation as an influenced outcome element which belongs to the organisational “key actors” group.

3.3.1 Communication

Scholars of organisational communication state that one of their challenges for the new century is to understand how to communicate an intended organisational change (Jones *et al.*, 2004). In a literature review they found that, although the importance of communication while the change process took place was known, there was little empirical research to review the role of communication and communication activities while change was done (Jones *et al.*, 2004). The group further stated that more attention should be paid to the ways in which employees perceive, talk about and manage change in their work (p. 737).

Another group of researchers evaluate communication as essential for the effective implementation of organisational change (Schweiger and Denisi, 1991; DiFonzo and Bordia, 1998; Lewis and Seibold, 1998). Lewis (1999) states that "the general importance of communication during planned change has already been empirically demonstrated and generally agreed among practitioners". Inadequately managed and incomplete change communication results in rumours and resistance by employees towards the change activity and also increases the negative aspects of the change within the organisation (DiFonzo *et al.*, 1994; Smelzer and Zener, 1992). The communication process and the organisational-change implementation are strongly interlinked processes (Lewis, 1999). Robertson (Robertson *et al.*, 1993) further approves the importance of communication during organisational change by the developed model of the dynamics of planned organisational change. They state that the change success and change effort is strongly interlinked with the behaviour of the employees. The change success depends on the ability of the organisation to change the behaviour of individual employees. Based on these scholars, communication about the change and the imparting of information to employees is vital in that organisational

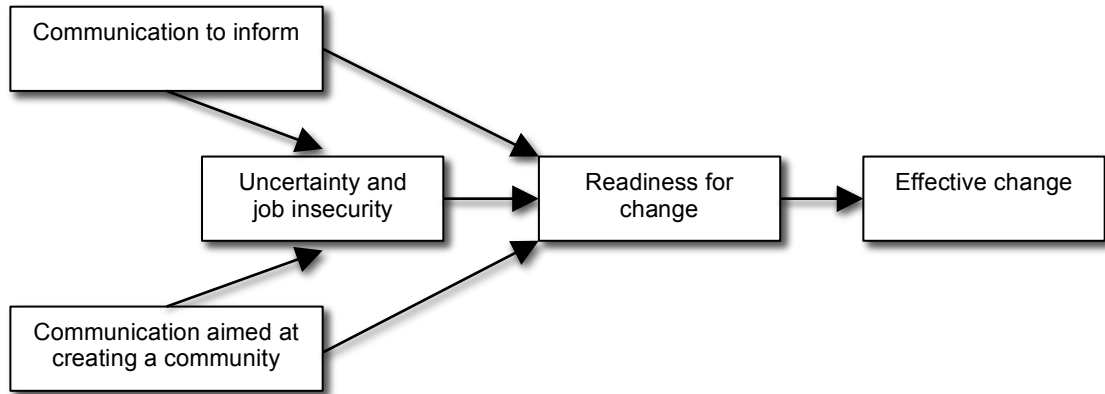
change is about how to change the individual tasks and jobs of individual employees. Their recommendation is that the communication to the organisation and to these employees should be continuous and holistic, an important and integral part of the change process and change efforts.

When employees have to change, or are changing, it is important that low levels of resistance to change exist within the organisation so as to make the change effort successful (Elving, 2005). One of the purposes of communication while the change process and activities take place is to inform people about the change vision, the actual status of the change activities, including the next steps to be taken, and also to prevent resistance to change, or at least to try to reduce this. Since an organisation's operation depends on the actions of its members, the organisation can only change when the members' behaviour changes (Goodman and Dean, 1982).

Francis (1989) says that organisational communication commonly has two goals. The first goal should be to inform employees about their tasks and about the policies of the organisation and other issues. The second goal is communication as a means towards creating a community within the organisation (Elving, 2005).

Within organisational change, there is a distinction between the type of information given about the change during the pre-change, change and post-change phases. The information given by the organisation at the beginning of the change activities should address the reasons for change, the change vision and the worries that employees will have when change is announced.

Figure 3.3: Conceptual model of communication during organisational change
(Elving, 2005)



The second goal of organisational communication is to create a community (Francis, 1989; De Ridder, 2003). The organisational communication can be considered a prerequisite of the self-categorisation process. This process helps to define the identity of a group and also helps to create a community spirit (Postmes *et al.*, 2001; De Ridder, 2003). The creation of a community within an organisation has its theoretical foundations in social-identity theory (Tajfel, 1978) and self-categorisation theory (Turner, 1985). Both approaches are often described as the social-identity approach (Postmes *et al.*, 2001). Figure 3.3 shows the conceptual model of communication during organisational change, taken from Elving (2005).

The communication in the context of mergers and acquisitions has an influence on many other elements in the change process. A central point is that it keeps the employees informed while the change activities take place and gives an overview of the implementation status, while it may also reduce anxiety and change the individual behaviour regarding the change. Furthermore, it can help to create a community within organisations, increase commitment to the organisation and to the change and may also have an influence on individual sensemaking.

3.3.2 Leadership

Gerstner and Day (1997) state that the quality of the relationship between the leader and the employees is an indicator of behavioural and performance outcomes. It is further noted that a fundamental element of this relationship is that it is a bidirectional relationship. This emphasises the importance of the relationship that leaders develop with specific individuals.

Based on Gerstner (Gerstner and Day, 1997), transformational leadership is defined by a leader-employee interaction that is characterised by efforts to achieve bidirectional respect and trust and a high-quality working relationship. They confirm the findings by Kuhnert (1994) that transformational leaders try to achieve collaboration with their followers through delegation in order to reach higher order objectives and belief motivations. This definition of transformational leadership further supports the importance of the exchange that takes place between the leader and followers while a change process takes place. The concept highlights that the identification and following of individuals can be improved by high-quality exchanges between the leader and individual members of an organisation. Transformational leaders are able to elicit desired behaviour, enhance performance and increase commitment by explicitly emphasising these desires in the process of the exchange (Schraeder and Self, 2003).

Marks and Mirvis (1992) suggest that managers have to deal with employees that should support and follow a merger. Their research and subsequent article focuses on the process of rebuilding an organisation after a merger. They suggest that the employees' trust and confidence can be increased by managers who build and create new behaviour, who lead with visions and who manage performance. Their expectation of managers is also that they are sensitive and prepared to handle employee concerns and questions as early as possible in the integration process.

These statements have been further confirmed by Isabella (1992, p. 59) when she suggested that managers should be “aggressive” in addressing rumours and sharing information with employees and organisation members.

The way in which power is exercised during the integration of merged or acquired firms can play an important role in shaping the perceptions of organisational members and can also influence the ultimate success of the integration effort (Schraeder and Self, 2003). This means that, if power is used in such a way that employees are forced to accept new rules, procedures or expectations, it is likely that those employees will react with resentment and resistance, resulting in a loss of potential synergies (Marks and Mirvis, 1992). This has been further confirmed by Carleton (1997) when he discussed a 1992 study by Coopers and Lybrand. This study reviews 100 failed mergers or acquisitions and indicates that over 80 per cent of executives acknowledge that different management practices and styles have been a main reason for integration difficulties. On the theme of power Marks and Mirvis (1992) quote new bosses, new co-workers and new power as important factors that have influenced and impacted on the change and integration process. The impact of these new power bases in mergers and acquisitions is particularly pre-eminent at executive management level. Hambrick and Cannella (1993) indicate, in a study of 430 executives, that executives who are uncertain of their post-merger status are more likely to leave as a result of inferiority feelings than executives who maintain, keep or improve their status post-merger. They agree that power is an integral element of status.

Trust between management and employees is a further factor that can influence feelings of belonging to a community within an organisation. Based on Dirks and Ferrin (2001), trust between leaders and employees does result in characteristic effects such as more positive attitudes, higher levels of cooperation and superior

levels of performance (Mayer *et al.*, 1995; Jones and George, 1998). They suggest that trust can work in two ways. It can work either as a main effect on workplace outcomes, such as cooperation and motivation. Or it works as a kind of moderator effect that helps the individual to forecast and assess the future behaviour of another party and/or to interpret past behaviour (Dirks and Ferrin, 2001, p. 461). In that sense, leadership can influence trust between leaders and employees and therefore can guide the actions of individuals in unclear and insecure situations. It can and will shape how the partner is perceived and in this way will guide the individual response. Scholars also mention the influence of managers and leaders on the sense-giving of employees. The storytelling of leaders and managers is a key input in the member's sensemaking processes (Gioia and Chittipeddi, 1991; Maitlis and Lawrence, 2007). As stated by Taylor and van Every (2000, p. 143), managers have "declarative powers" to set a planned change going.

3.3.3 Management/employee relationship

Organisations are constructive and cooperative systems that are based upon the tendencies of their members to act and behave in ways that are supportive to the organisation (Barnard, 1938).

This suggests that, as employees become more familiar with change, change initiatives and how these may affect them, their support for management and change activities increases (Weber & Weber, 2001). However, people's personal expectations and goals often differ from those of the organisation and therefore a main responsibility of managers in this context is to convince members to align their efforts towards organisational goals (Cyert & March, 1963).

To develop and maintain a positive employee attitude during change, it seems that the clarity of organisational goals is a key factor (Weber & Weber, 2001). The

commitment and cooperation of employees is peculiarly essential during organisational change, especially when an organisation discloses that new conditions will be different from current conditions (Robertson, Roberts, & Porras, 1993; Ford & Ford, 1995).

A main task of managers in an organisation's change and transformation situation is to create a fundamental link between the change strategy of the organisation and the employees who are responsible for implementing this strategy. This means that managers must be able to motivate, unfreeze and change employees' beliefs so that the given situation is acceptable to them and motivate employees to make the desired changes (Lewin, 1951). Similar previous studies have delivered concurrent results showing that an increase in employee involvement by a responsible management during change activities may increase their organisational participation and productivity (Galbraith *et al.*, 1993; Leana *et al.*, 1992).

The employees' overall trust in management and the assessment of management's ability to respond to new opportunities and change may be more complex and long-term. Literature on organisational-change management highlights that the trust in management can be manifested in employee behaviour and attitude while change takes place in the organisation (Whitney, 1994; Kramer and Taylor, 1995). The logic of attribution theory suggests that an employee's reaction, based on managerial influence efforts, can reflect the quality of the interpersonal relationship between the manager and the employee (Porras & Robertson, 1992). This is also confirmed by the research on leader-member exchange (LMX). It is suggested that a unique relationship between the manager and employee will be developed through a continuous series of interpersonal interactions (Dansereau, Graen, & Haga, 1975). These intensive interactions build

the basis for the behaviour expectations of the management and the members. A high degree of loyalty, emotional support, mutual trust and sympathy are characteristics of high-quality LMX relationships (Dienesch & Liden, 1986; Graen & Scandura, 1987). Low LMX relationships are reduced to transactions and with low personal relations between management and employees or without any such relations at all. They are based on contractual exchanges between both parties. Employees may selectively attune to and interpret managerial behaviours in ways that reinforce existing perceptions of the manager-employee relationship (Furst & Cable, 2008). For example, Schriesheim, Neider, and Scandura (1998) found that the satisfaction of employees was based on the strength of LMX and how their managers applied delegation. In the case of high delegation levels, employees with high LMX reported the highest job satisfaction, whereas subordinates with low LMX reported the lowest satisfaction.

From their research, Furst and Cable (2008) suggest that employees interpret influence tactics in a way that reinforces their existing perceptions of the manager-employee relationship. They further state that employees who enjoy a positive relationship with their manager may attribute the use of sanctions and legitimisation tactics to situational factors, which reduces the likelihood that they would resist such efforts. They add that employees in low LMX relationships, used to opposing exchanges with their managers, may view the use of influence tactics sceptically and be more likely to resist the requested behaviour.

Since change has become a continuous and fixed element in many organisations, it seems quite important for managers who are responsible for the huge and responsible task of supporting change activities to understand the sources of employee resistance.

3.3.4 Decision-making

The area of decision-making in the context of mergers and acquisitions has been covered in the literature in a very limited way. Little research has been done on the influence of decision-making on individual sensemaking in the field of human functional aspects. It is anticipated that the presented research will improve knowledge of this field and generate a contribution in this area.

A merger and acquisition creates a completely new kind of control relationship for the acquired units and their managers, while the direct changes for the managers of the acquiring organisations may be relatively small.

The middle managers' role is quite interesting because, in their own units, they have to act as the overall organisations' representatives towards their employees, while in the corporate decision-making forums, they have to represent their own organisational units (e.g. Floyd and Woolridge, 1994; Vaara, 2001). These different interpretations clarify and create different positions and interpretations in post-acquisition decision-making. Such ambiguity can be seen as a normal state of affairs with both positive and negative implications (Myerson, 1991; Denis *et al.*, 1996).

In trying to understand post-acquisition integration decision-making, ambiguity can be seen as a barrier to integration, if and when the organisational actors, managers and employees, have very different views in the context of merger-and-acquisition issues.

Boulding *et al.* (1994) state that strategic managerial decisions are typically "messier", they occur in a more complex environment, are difficult or expensive to reverse and the outcomes are, to a greater degree, contingent on other individuals' or organisations' behaviour. Moreover, they say that strategic decisions often substantially alter the relationship between the manager's

organisation and that organisation's customers or competitors. One characteristic of a strategic managerial decision that differentiates it from other types of decision-making is the particular setting or context. Managers make strategic decisions within an organisational context and these decisions affect a number of other players. Moreover, the reaction of these other players normally affects the final decision outcome. These other players include customers, competitors and investors, as well as the employees in the organisations. Thus, the viability of managers' strategic decisions depends, in large part, on managers' knowledge of the current status and probable reactions of their company, competitors, customers and broader publics (Boulding *et al.*, 1994). In the context of M&A, there are several situations where strategic decisions, such as integration approach, organisational structure, management teams and many more, are necessary to ensure the success of the integration. It is therefore quite important to make the right and optimal decision to support the success and generate the support of the employees. Milkman *et al.* (2009) state that, upon careful, cool reflection, a decision-maker should remain satisfied after making a choice that the decision he or she made was the right one. They propose that an optimal decision is one that a decision-maker would regard as the right choice regardless of whether he or she was evaluating their own decision or someone else's.

Stanovich and West (2000) provide a useful framework for organising what scholars have learned to date about effective strategies for improving decision-making and also future efforts to uncover improvement strategies. In their definition of cognitive functioning they make a distinction between two systems. System 1 refers to our intuitive system, which is typically fast, automatic,

effortless, implicit and emotional. System 2 refers to reasoning that is slower, conscious, effortful, explicit and logical. Milkman *et al.* (2009) states that people often lack important information regarding a decision, fail to notice available information, face time and cost constraints and retain a relatively small amount of information in their usable memory. They add that, the busier people are, the more they have on their minds, and the more time constraints they face, the more likely they will be to rely on system 1 thinking. This is not always a mistake. In many situations, system 1 thinking leads to superior decision-making by improving efficiency without sacrificing quality (Bargh & Ferguson, 2000; Dijksterhuis & Nordgren, 2006).

Khandelwal and Taneja (2010) mention that intuitive decision-taking is an integral part of successful business management. Furthermore, in a study of 13,000 business executives by Parikh *et al.* (1996), executives credited 80% of their business success to their intuition. It is also noted by Klein (2003) that an increasing number of top-level managers, including CEOs, are openly admitting to the use of 'gut feeling' or intuition in their decision-making. Khandelwal and Taneja (2010) state that high levels of intuitive intelligence are often found in the top tiers of organisations. White (2004) notes that leadership is the talent to know what decisions to make, even though they appear risky. He further says that instinct and intuition are two attributes that are hard to measure, yet are critical to creating real leadership. Davenport *et al.* (2004) suggests that, with intuition, a leader's direction is clearer, more focused and intentional, and arises from an alert, conscious and inquiring mind.

To summarise the presented aspects of decision-making, it can be said that there are several aspects that ask for a closer investigation to understand the

interactions, interdependencies and influence of decision-making on the process of M&As and the individuals that are confronted by M&A activities.

3.4 Cultural aspects

The focus of the thesis in respect of culture is on organisational culture. National culture was not considered, because of the similarities between the Anglo-Saxon and European cultures. Hence national culture was not expected to provide any significant findings.

Organisational culture seems to cover an important function within merger and acquisition activities and processes. Receiving increased attention and research, organisational culture is one factor identified as a potential catalyst to merger and acquisition success (Schraeder and Self, 2003). It performs a kind of bracketing function, bringing all relevant aspects and elements together to create a common understanding, action and behaviour within organisations. Since there exist a certain number of different definitions of what contents belong to organisational culture, but there is not one common understanding, a definition for this specific research has been created. The literature review has shown that all the included human functional elements, from the organisation and from individuals, in the developed organisational cultural model are valid. The cultural evolution and impact over time of the merger and acquisition activities will be investigated.

According to Buono *et al.* (1985), organisational culture can consist of two distinct concepts. The subjective culture has characteristics of shared values and beliefs among organisational members. Characteristics of objective culture, meanwhile, include objects and items in an organisation, such as physical setting, office decor

and also office locations. This research is based more on the subjective culture concept, analysing the elements of shared beliefs and values of the integrated and integrating organisational units. Schein (1985a, p. 19) has created another definition of culture. For him, culture is a solution to external and internal problems. He further argues that culture has a multi-level nature and on its lowest level is our fundamental understanding of issues such as human nature, values and artefacts. He refers to culture as "shared learning". It is further stated by Hofstede *et al.* (1990) that there is general agreement among scholars that organisational culture is holistic, has a historical basis, is difficult to change and is socially constructed and soft.

It is further mentioned by scholars that, especially in larger organisations, there exist subcultures (Trice & Beyer, 1993; Brown, 1995), which form around organisational groups on the basis of a range of factors such as location, functional focus and professional background (Bloor & Dawson, 1994). Lok *et al.* (2005) have postulated that members' perceptions of organisational cultures and subcultures constitute relevant antecedent variables for commitment. It is argued by Barker *et al.* (2014) that subcultures are formed when the values and meanings of organisational subgroups differ from those of the dominant culture. These subgroups can emerge out of formal organisational groups, such as departments, occupational specialties or hierarchical levels (Jermier *et al.*, 1991; Niemietz & Kinderen, 2013). They can also result from personal and social histories, for example family background, education or social-class membership, or they can be based on demographic characteristics, such as age, gender or ethnicity (Jermier *et al.*, 1991; Trice, 1993).

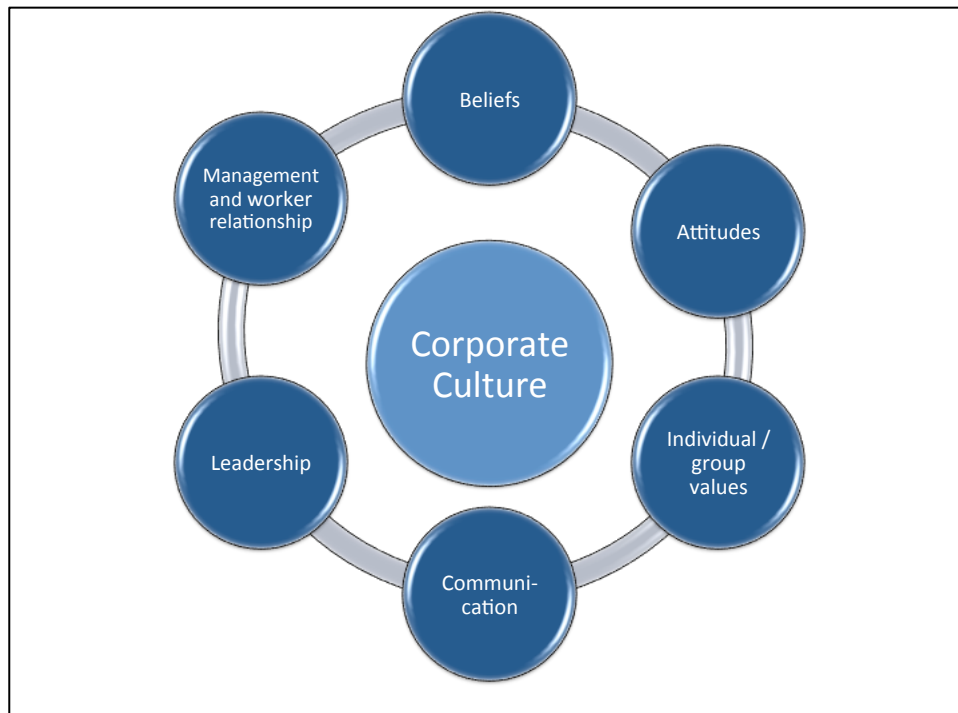
During mergers and acquisitions it gets quite obvious that modifying cultures is difficult (Chatterje *et al.*, 1992). It seems impossible to develop a holistic list of cultural elements and characteristics that can cover all aspects in the context of mergers and acquisitions. In the literature related to organisational culture in the context of mergers and acquisitions, convergent topics such as people orientation, employee loyalty and attitudes towards growth and attitudes towards innovation and customer-service orientation appear continuously, although the above mentioned elements are not exhaustive (Chatman and Jehn, 1994). With a conceptual grounding in organisational culture completed, organisational culture, in the context of mergers and acquisitions, will be more closely examined.

Cartwright and Cooper (1993) suggest that the high failure rate of mergers and acquisitions can be explained by incompatible cultures. They further state that, from their point of view, a culture fit is just as important as a structural fit when it comes to the analysis and evaluation of potential partners. Chatterje *et al.* (1992) mention that a poor culture fit has contributed to the failure of a number of mergers and acquisitions that seemed to involve suitable strategic partners. Mirvis (1985) highlights four important contextual factors impacting on the integration of two organisations. He mentions that top management relations include decision-making, flexibility, communication and information relationships. The compatibility of the business systems of the merging companies is another factor. An important third element focuses on the existence of a culture that supports the integration of the business systems. The final element addresses the expectations of each company and the goals that both want to achieve through the merger and acquisition. To include these elements in an audit, as presented by Carleton (1997), could further enhance the effectiveness and efficiency of a culture-fit assessment. Scholars show a high interest in surveying the human functional or

cultural facets of mergers and acquisitions since traditional explanations do not work in providing adequate and holistic explanations for the high failure rates of mergers and acquisitions (Pablo, 1994). According to Fralicx and Bolster (1997, p. 50), “Cultures can be a make-or-break factor in the merger equation”. Cartwright and Cooper (1993) agree that financial benefits and improvements that are forecast by mergers or acquisitions are often unrealised because of incompatible cultures (Schraeder and Self, 2003).

For this research, the elements shown in Figure 3.4 are selected for the research to analyse the impact and influence of the merger and integration activities on both organisational units. It will further help to analyse how far an overlap of the pre-merger organisational units exists and to what degree this has influenced the process and outcome of the merger and acquisition activities of the four researched case studies. The subcultural aspects and their influence are not reviewed in this research because they have no relevance in the context of the presented research. The reason for this is that the interview participants from the reviewed organisations belong to similar organisational units and therefore a common culture exists. A further reason is that they have been selected by the management in response to high-quality results generated out of the research for their organisations.

Figure 3.4: Definition of important cultural elements in organisational change



3.5 Individual human functional aspects

The individual human functional aspects reflect the aspects to be researched in the context of M&A change processes that are aligned to the individual within the organisations. In the following section, values, beliefs, learning and attitudes will be discussed with the focus on their relevance and on the importance of organisational change during mergers and acquisitions. The selected elements are based on the Foil and Huff subgroup model shown in Figure 3.1.

3.5.1 Values

Scholars of organisational culture have a common agreement that shared values, or an organisational value system, are a key element in the context of organisational culture.

Although there is a wide range of organisational culture definitions in the

literature, a clear convergence of definitions does exist.

Smircich (1983, p. 344) emphasises the integrative definition: "Culture is usually defined as social or normative glue that holds an organisation together" (Siehl & Martin, 1981; Tichy, 1982). It shows that organisation members come to share social ideals, beliefs and values (Louis, 1980; Siehl & Martin, 1981). The shared values of organisational members are the building blocks of an organisational value system.

Individuals are different in their personalities and in the way in which they acquire and adapt core values belonging to a particular organisational value system. In particular, there are two factors that define the level and extent of an individual's predisposition. The first factor focuses on the individual's belief that they are committed to, and aware that they have, the moral responsibility to reflect loyalty and duty continuously in all social situations where they have strong personal involvement. This group of beliefs is characterised by generalised values of loyalty and duty. These are defined through processes of elementary socialisation influenced and affected by organisational interactions. The employees who show a high level of these generalised values are more likely to adapt to a predominant or changing culture (Wiener, 1982). The second factor is the degree of overlap between the core values held by the potential members and the core organisational values. When the percentage of overlap and similarities is high, members are more likely to adopt the organisational value system.

Organisational socialisation is defined as the process by which both the members' and organisation's values are updated and aligned (Etzioni, 1961). While it is argued by some scholars that it is a hard task to influence elementary individual values and those that have been developed and retained

over a long time (e.g., Lusk & Oliver, 1972), there exists a consensus that organisational socialisation practices, either formal or informal, can be helpful in the acquisition of new organisational value systems and the maintenance of already existing ones (e.g., Van Mannen & Schein, 1979).

The application of organisational socialisation is used primarily for the cultural adaptation of new organisational members because of their need for integration, but it is also used for a changing and updating approach towards an existing value system. Not all employees in an organisation derive equal benefit from the socialisation approach. This depends, as described above, on the individual cultural adaptability typology. The amount and intensity of socialisation activities in an organisation may also depend on the existing value system.

Such socialisation processes motivate the identification with a leader. This approach is often applied in the case of mergers and acquisitions where, mostly for the integrated company, the acquisition of new and unique values is necessary, but also in the replacement and deletion of old, incompatible ones.

The adaptation of individual value systems of the integrated employees seems to be an important factor in the context of the adaptation of an individual's belief system and his or her behaviour and attitude towards the new integrating organisational units.

3.5.2 Beliefs

The performance of organisations depends on the identification, motivation and actions of their members. Therefore the organisation can only change when the employees' behaviour changes (Tannenbaum, 1971; Goodman & Dean, 1982). Changing the work setting is a good approach for creating change in employee

behaviour. This view is rooted in the social cognitive theory (SCT) of behaviour (Porter & Lawler, 1968; Bandura, 1986), in which the individual's environment is seen as an important source of information that can affect the individual's behaviour. The social cognitive theory explains how people acquire and maintain certain behavioural patterns, while also providing the basis for intervention strategies (Bandura, 1997). Evaluating behavioural change depends on three factors: environment, people and behaviour. Through processes of perception and attribution, individuals form beliefs regarding their organisational environment (Robertson *et al.*, 1993). These created beliefs impel, pilot and regulate behaviour (Bernstein & Burke, 1989).

In the case of changing existing beliefs, values and behaviour have to be defied and maybe adapted. Major organisational changes, such as mergers and acquisitions, often have the consequence that employees are faced with many different kinds of personal loss across all organisational levels. This may then lead to change efforts running into some form of human resistance.

The concept of resistance to change has been widely researched by scholars. In a review of studies of resistance to change, Piderit (2000) criticises the literature for a failure to consider good reasons for such resistance and emphasises the need to perform studies that investigate ambivalent responses to change (Eriksson, 2004). If beliefs and values are strongly manifested in the individual person, they will be harder to change and the experience of loss will be greater (Beyer, 1981; Sproull, 1981). All employees who are affected by organisational change will experience some form of emotional roller-coaster. Fundamental change activities in the area of organisational design, personnel, strategy or other major organisational issues often trigger intense emotions (Bartunek, 1984). The employees will differ in their reactions to change. These

reactions vary from passively resisting change to embracing it and to actively undermining it. According to Kanter (1983, p. 63), "Change is disturbing when it is done to us, exhilarating when it is done by us". Kotter and Schlesinger (1979) suggest that there are four major reasons why people resist change: they are afraid of losing something of value; they misunderstand the change and its implications; they believe that the change does not make sense; or simply, they have a low tolerance for change (Eriksson, 2004).

3.5.3 Learning

To be able to change, a person has to be willing to take into account what is happening, take action and take steps to acquire or gain knowledge and continuously reflect on this. It is argued by Huy (1999) that, if we split the change process into its process-based and various other elements, change and coherent emotions in organisational change can be better understood. In this context, he highlights three critical process challenges related to the realisation of change: receptivity, mobilisation and learning (Figure 3.5). There is a differentiation of interpretation of the various process elements between individuals and the organisation. At the individual level, receptivity refers to an individual's willingness to create the awareness for change and generate the personal acceptance of such proposals. On an organisational level, the notion refers to the sum of the members' receptivity (Eriksson, 2004). Huy (1999, p. 327) defines the receptivity stage as "Receptivity as a process shapes and is shaped by the continuous sensemaking and sense-giving activities conducted among various members of the organisation".

The next element of the mobilisation involves a bunch of joint efforts and the capacity to implement change. At the individual level, mobilisation means to

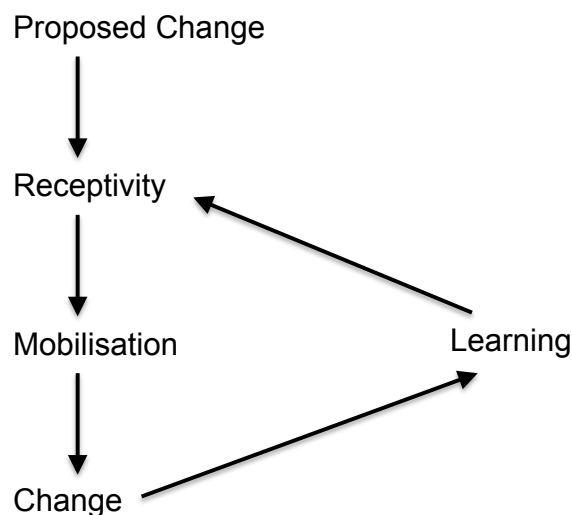
take action. The ability to mobilise depends on the available resources, support structures, systems and skills. The mobilisation depends on the receptivity of the individual to the proposed change. This means that it requires the organisational commitment and activities that are supportive to change actions (Dutton and Duncan, 1987). The stress theory proposed by Lazarus (1993) clarifies the relationship between an individual's receptivity to change and his mobilisation. The two-step evaluation model presents, in the first step, the evaluation of the significance of a proposed change for the individual's wellbeing. For example, if the individual believes the proposed change is not favourable or harmful, this creates negative emotions that then result in a non-receptive organisational member. On the other hand, when the proposed change is viewed as a change and opportunity, the consequent positive emotions will create in the individual a more receptive situation. In the next step, the individual makes a personal evaluation of the resources available to deal with the proposed change. If the evaluation is a positive one and they believe that they have the right resources available, they are more likely to respond actively. Westen (1985) further supports this argument. He states that only when individuals feel that they can actually do something can they overcome the discrepancy between goals and performance and be motivated to mobilise and act.

Huy's model, shown in Figure 3.5, presents the non-linear process elements of the individual's change. It is not seen as a linear process with clear steps from the proposed change to the actual change. This is because there is an interaction between the process elements of receptivity, change and learning. The individuals learn continuously from their earlier experiences in an organisation and also reflect on whether they are faced with a similar situation. Therefore they

are preoccupied and influenced by their willingness to see the need for change and to mobilise accordingly.

The applied process is a continuous re-cycling approach. The "learning step" influences the proposed change and is interlinked, in some way, with all other elements and steps.

Figure 3.5: Critical processual challenges to the realisation of change (Huy, 1999)



Learning is often seen in literature as a purely cognitive process. This includes the knowledge acquisition, the information distribution, the interpretation of information and the storing of the information for future use. In an extensive review of scientific research on emotions, Goleman (1996) pointed out the basic assumption: We do not learn only in a cognitive way but we also learn emotional responses that act without our conscious awareness. A model for change dynamics needs to include emotional learning as well as cognitive learning and see them as dynamic interconnected processes (Eriksson, 2002).

Fineman (1997) suggests that emotions cover both sides of the coin. On one side they are a part of learning, and at the same time, they interfere with learning. Emotions are often the trigger or impulse for learning, but are also the ultimate result of learning. Emotions are both a process for, and a product of, learning. Every person who was joining in a change programme or was part of an organisation working with change programmes can confirm that the programmes create strong emotional situations and feelings. In organisations people often experience anger, anxiety, fear, happiness, joy or other emotions related to work or to ongoing change at work.

In addition to the process view of learning, the focus of the research is on the development and investigation of emotions over time. This is done because emotions can be seen as an intrinsic anchor for our behaviour and engagement, beside other such anchors.

3.5.4 Attitudes

Attitude is defined by Secord and Beckman (1969) as the special constitution of an individual's feelings, thoughts and personal definitions in response to a given situation within his environment. Arnold *et al.* (1995, p. 167) indicates that "attitudes reflect a person's tendency to feel, think or behave in a positive or negative manner towards the object of the attitude". Based on Elizur and Guttman (1976), attitudes in order to change consist of a person's cognitions about change, the emotional reactions to change and the behavioural tendency towards the change. In this context, researchers have identified various responses by employees to an organisational change. These range from very positive attitudes to strong negative attitudes (Piderit, 2000).

Therefore, change can be received with excitement and happiness or anger and fear, while employees' response to it may range from positive intentions to support the change to negative intentions to oppose it (Vakola and Nikolaou, 2005). It is also shown by other researchers that a positive attitude towards change was found to be essential for success in organisational change programmes and for the achievement of organisational goals (Gilmore and Barnett, 1992; Kotter, 1996; Eby *et al.*, 2000).

The commitment towards change, which is demonstrated in various forms, has been mentioned as one type of positive attitude (Mowday *et al.*, 1982; Meyer and Allen, 1997). Further examples of the commitment towards change include trust in management (Creed and Miles, 1996; Bijlsma-Frankema, 2001), trust in colleagues (Sitkin and Roth, 1993; Sheppard and Tuchinsky, 1996) and also interpersonal trust in the general organisational context (Mayer *et al.*, 1995). The organisational commitment is defined by Mowday *et al.* (1979) as “the relative strength of an individual’s identification with, and involvement in, a particular organisation”. Scholars refer to this form of commitment as affective commitment (McFarlane *et al.*, 1993; Meyer and Allen, 1997). This means, in practical terms, that an individual is committed to the organisation and wants to act in the best interests of an organisation. This approach and behaviour is caused by the high emotional commitment of the individual to the organisation. Scholars such as Lewicki *et al.* (1998) consider trust as the basis for interpersonal relationships, cooperation and stability in organisations. In this context, the elements of commitment and trust seem to be an important producer of social capital and supportive attitudes. Also, Schweiger and DeNisi (1991) suggest that uncertainty attached to organisational and personal changes that usually follow mergers and acquisitions creates negative attitudes to change.

This may lead to dysfunctional outcomes such as low job satisfaction, stress, low organisational commitment and low trust in the organisation and in the change activities. Since the emotions and responses of employees to change can be very intensive, researchers and the literature in organisational change have compared them with individual responses to traumatic changes such as death and grief (Grant, 1996; Henderson-Loney, 1996). Kubler-Ross (1969) notes that there are many emotional states that a person can experience during change processes, such as equilibrium, denial, anger, bargaining, chaos, depression, resignation, openness, readiness and re-emergence.

Based on Piderit's model (Piderit, 2000, p. 787), the attitude analysis focusing on cognitive attitudes (beliefs), emotional attitudes (individual feelings) and intentional or conative attitudes (evaluations based on past or intentional behaviour) will be applied in the research. This approach will help to understand the driver of, and the reasons for, the actual attitudinal situation of the interviewees and the results, as an outcome of this, for the merger.

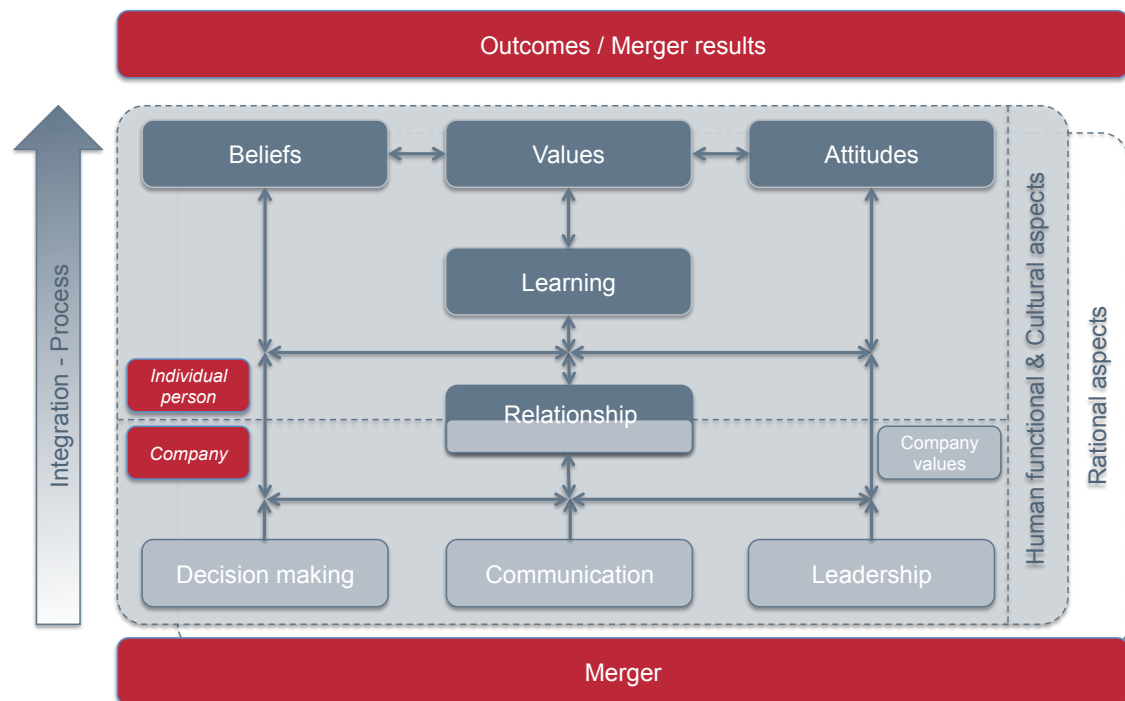
3.6 Conceptual model

The conceptual research model has been developed based on the application of the Foil and Huff cognitive submap model (Figure 3.1) which constitutes the foundation and framework on which further activities to generate the conceptual research model have built. It underpins the development of the research design, methodology and method in Chapter 4 and the further research activities.

Figure 3.6 depicts a central relationship between the organisational human functional elements and the individual human functional aspects. It is expected that there exists a relationship of influence between this two groups and also

within the two groups. Since managers are covering two positions – on the one side they are representing the organisation and, on the other side, they are employees – while a merger takes place, it is expected that an interaction exists between elements of these two groups. The model indicates that there are a number of factors that impact on this relationship.

Figure 3.6: A conceptual model of human functional factors impacting on the process and outcome of mergers and acquisitions



As shown in the discussion in Section 3.3, the organisational human functional aspects presented have a strong influence on the process and on the individuals while the merger takes place. The leaders and their leadership style can facilitate the change process. It seems that they play a very important central role in this context. The trust and confidence of employees can be increased by managers who build and create new behaviour, who lead the

visions and who manage performance. They also have an effect on the individual's sensemaking and it seems of high importance to review the applied approaches and the results generated out of that. The importance of this leadership is further supported by the importance of communication in this context since leaders and management also handle communication to a certain degree. Insufficiently managed and incomplete change communication results in rumours and resistance by employees. When employees have to change, low levels of resistance within the organisation should exist. Figure 3.3 presents the conceptual model of communication during organisational change, showing that it follows two aims: to inform employees and to create a community supporting the change. The continuous and multilevel communication approach, therefore, also indicates a need for further investigation, especially the communication approach and the influence generated on the individuals' behaviour and sensemaking approach.

Since only limited research on the influence of decision-making on individual sensemaking in the field of human functional aspects has been done, it seems quite important to review if such an influence exists and, if so, how. With this research, it is expected to improve the level of knowledge and to generate a contribution in this area.

The human functional elements mentioned above have influence on the relationship between managers and employees. Managers must be able to motivate, unfreeze and change employees' beliefs so as to make the desired change. The relationship between managers and employees will develop through a continuous series of interpersonal interactions. The degree of delegation to employees and the level of integration has an influence on the relationship. The presentation in Section 3.3 shows that the relationship is an

indicator also for other organisational and individual human functional elements as it reflects the outcome of previous events resulting in the relationship. This means that this element offers information in the wider context of the reviewed human functional elements in order to get an adhesive understanding of the individual's cognitive process.

On the individual's human functional side, the individual learning takes a central point to understand the individual sensemaking approach. Learning highlights three critical process stages related to the realisation of change. These elements – receptivity, mobilisation and learning – are strongly linked and interacting, as shown in Figure 3.5. The individuals learn continuously from their earlier experiences in an organisation and also reflect on whether they are forced with a similar situation. This continuous learning cycle is also interrelated with the individual's human functional set-up. This is manifested in the reviewed elements of belief, values and attitudes that are investigated in the research. Those three elements are strongly linked and show a certain level of interdependency, as presented in the discussion in this chapter.

These beliefs impel, pilot and regulate behaviour (Bernstein & Burke, 1989). If beliefs and values are strongly manifested within the individual person, they will be harder to change and the experience of loss will be greater (Sproull, 1981). The challenge in this context is to find if individuals' belief systems are changed by merger-and-acquisition integration activities and, if so, how this is expressed in changes in individual behaviour. When the percentage of overlap and the similarities between organisational core values and individual core values are high, members are more likely to adopt the organisational value system. The socialisation of the individuals, especially for employees of the “new” integrated company, seems to be essential for the success of these integration processes.

This process is defined as the process by which the values of the individuals and the organisation are updated and aligned. The review of the investigated case studies supports an understanding of how this process was initiated and realised and what it has generated in terms of the individual's sensemaking and the integration outcome.

Based on Elizur and Guttman (1976), attitudes to change consist of a person's cognition about change, emotional reactions to change and behavioural tendency towards the change. Also, beliefs have been defined as factors influencing behaviour (Bernstein and Burke, 1989). This shows that heterogeneity of definitions and understanding of the influence between, and on, human functional elements of scholars does exist.

The organisational culture builds the glue that keeps the organisation together while change takes place. During mergers and acquisitions it gets quite obvious that modifying cultures is difficult. Cartwright and Cooper (1993) suggest that a high failure rate of mergers and acquisitions can be explained by incompatible cultures. Therefore this element will be researched to investigate if there existed an overlap of organisational cultures before the merger and, if not, if this had consequences for the integration process and for the outcomes of the reviewed case studies.

The model predicts that there may exist an interaction between the elements belonging to the organisation and those belonging to the individuals. Based on the human functional elements reviewed above, there is evidence in the literature that there does exist an influence between elements of the two groups. It is also mentioned that these interactivities and interdependencies have an influence on the process and on the result of the integration. The reason that the relationships between the elements are not more specific is that

there is no comparable model in the literature which covers all the included elements from Figure 3.6. The relation and interaction of the elements presented in this chapter are mostly based on a one-to-one analysis that does not take other elements into account. These human functional elements have received only very limited investigation in the literature and makes further research necessary to generate a contribution to the literature and management in the research field of mergers and acquisitions. Therefore it seems essential to investigate how the complex number of elements will interact, influence and be influenced by the other researched elements. Furthermore, it will be of interest to find out how this then influences the integration process and the integration outcome. It is also of interest to find out if there are differences between the reviewed case studies, in the kind of integration, in the researched industries and in the merger and acquisition size.

The conceptual model forms the basis for the research undertaken and informs the research design which will be presented in the next chapter. Based on the research findings in Chapter 5 and Chapter 6, the model will be updated and adjusted accordingly.

3.7 Chapter summary

This chapter details the development of the conceptual model, on which further research development can be based. The chapter highlights the human functional key elements that have an impact on the process and on the outcome of change in the context of mergers and acquisitions.

Based on the cognitive submap approach by Huff (1990), a cognitive submap concept, shown in Figure 3.1 – representing the submaps of organisational

aspects, people-factor dynamics, M&A-process dynamics and change-effect dynamics – has been developed.

The model consists of four submaps, in which the organisational aspects and the people-factor dynamics represent the first submap's group of "key actors", the second group of submaps is represented by the M&A-process dynamics – representing the development of the first subgroup elements over time – while the third subgroup "change-effect dynamics" indicates the outcomes and different interpretations of the individuals and groups within the reviewed organisation.

In Section 3.3, the human functional elements of the organisation and, in Section 3.5, the individuals' human functional elements in this model are discussed and their importance to change in the context of mergers and acquisitions presented.

Section 3.4 shows how the cultural aspect and its elements is understood in the context of mergers and acquisitions. Also the importance of taking into account the culture both before and during merger-and-acquisition activities is presented.

The conceptual model of human functional factors, in Figure 3.6, presents all the human functional elements that may have an impact on the process and on the outcome of mergers and acquisitions. It indicates that their relationships are unfocused with links in both directions and in between all the elements. Investigation of the quantity and quality of the relationships will be researched in Chapters 5 and 6.

This chapter concludes this stage of the thesis, developing the theoretical framework, and the next chapter focuses on the research design, methodology and method adopted for the research study.

4 Research design, methodology and method

4.1 Introduction and structure of the chapter

This chapter presents the research design, methodology and method approach applied in the research. The chapter will start with the outline of the qualitative research approach. This is followed by underlying research philosophy, including the ontological, epistemological and axiology orientation of the presented research. The qualitative research approach and the coherent methodological research choice will then be presented. This leads to the selected research strategy, the selected time horizon for the data collection and the data-collection method. The discussion of the data analysis finalises the research-design approach and is followed by ethical considerations in the context of the presented research. The chapter will close with the chapter summary. Aspects covered in this chapter are shown in Figure 4.1.

Table 4.1: Overview of Chapter 4

4.1 – Introduction and structure of the chapter
4.2 – Qualitative research
4.3 – Research philosophy
4.4 – Research approach
4.5 – Methodological choice
4.6 – Strategy – case study
4.7 – Time horizon
4.8 – Data collection – semi-structured interviews

4.9 – Data analysis

4.10 – Ethical approach and issues in the research context

4.11 – Chapter summary

4.2 Qualitative research

Qualitative research is associated with an interpretive philosophy (Denzin and Lincoln, 2005). It is often called descriptive research and is concerned with describing rather than explaining the relationship between variables. Van Maanen (1983) has described qualitative methods as an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in social science. Gordon and Longmaid (1988) have attempted to characterise qualitative research as mostly exploratory in nature, involving relatively small numbers of respondents. Therefore, qualitative research is used where there is a concern for understanding how things happen and how they are related, rather than measuring the relationship between variables.

The objective of qualitative data is to provide depth and details of action, events and perspectives through the eyes of the actors or of those being investigated (Bryman and Cramer, 1990). As a result, a qualitative methodology can provide the investigator with meaningful insights by delving more deeply and examining the intangible aspects of complex issues of process (Lofland, 1971; Van Maanen, 1983). Therefore, qualitative methodologies are characterised as “deep” (Sieber, 1973), “story-telling”, “full, rich and real” (Miles and Huberman, 1984), but also “soft” and “narrow” (Hardy, 1985). All these characteristics show

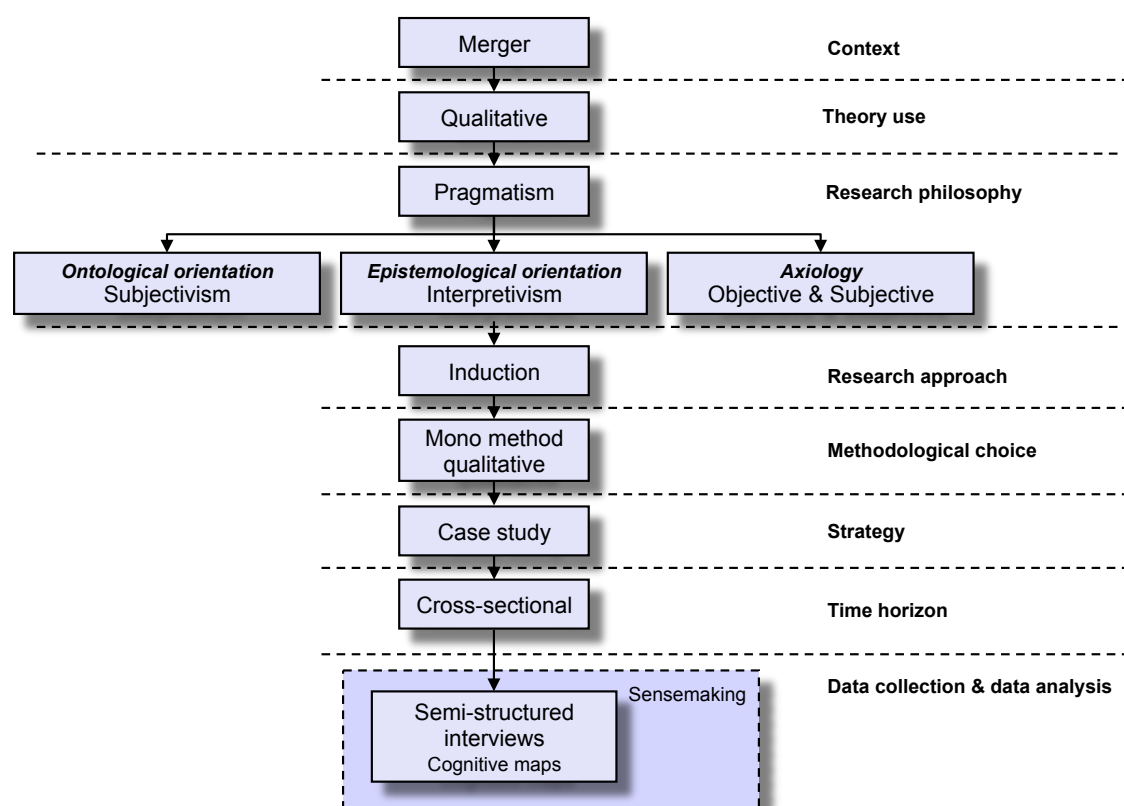
the power of qualitative study to answer several research objectives suited to the use of this methodology. It is necessary to keep in mind that qualitative methodology is time-consuming and that the data can only be gathered from a small sample size (Sekaran, 1992).

To understand the stated research aim and research questions in Chapter 3, it is necessary to understand and describe the concept and context of how individuals who are confronted by change and, more specifically, by mergers and acquisitions, make sense of the on-going activities. It is important in the presented research to find out how individuals arrange themselves in their setting and how these participants in the process make sense of their surroundings through social constructions. All the human functional elements presented in Chapter 3 are investigated to get a holistic understanding of the influence and interactions between the elements and their influence on individual sensemaking. Therefore aspects of qualitative research will be used to support the generation of data needed to answer the research questions and to support the research aim. The narrative analysis of the approach generates a detailed understanding of the activities, interactions and interdependencies that it is necessary to understand.

In the following sections, aspects of the aligned research onion approach from Saunders, Lewis and Thornhill (2012), shown in Figure 4.1, will be presented and discussed. The applied concept supports the holistic-research approach that covers all relevant aspects of the applied philosophical, methodological and method approach. The aspects will be discussed in detail in the following sections. These will start with the underlying research philosophy, including the ontological and epistemological stance, and also the included axiology that presents the applied-value approach in the research. From that, the approach is

further developed towards the centre of the onion with the presentation of the research approach and the applied methodological approach. The research strategy then gives an overview of how the methodological choice is implemented, together with the time-horizon approach that builds the basis and frame for the data-collection and analysis method in order to get sufficient sophisticated results to answer the research aim and questions. In this context, it is important to draw a coherent and logical picture of the applied research philosophy, methodology and method approach that supports the argumentation for the concept being used.

Figure 4.1: Research methodology – method overview



4.3 Research philosophy

The philosophical approach that informs this study is one of pragmatism. Pragmatism asserts that concepts are only relevant where they support action (Kelemen and Rumens, 2008). This means that the most important determinant of your position on each of the continua is the research question – one position may be more appropriate than others for answering a particular question (Saunders, Lewis, Thornhill, 2012).

The research needs a flexible and multi-perspective view on the on-going activities concerning both organisations and individuals. This requires many different ways of interpreting the presented study. By saying that it means that no single point of view can ever give the entire picture of the investigated merger-and-acquisition activities means that it may be the case that multiple realities exist. The stated research questions in Section 3.2 cover different philosophical positions. Pragmatism, as the selected philosophical approach, makes the use of a method that enables credible, well founded, reliable and relevant data to be collected, which advances the necessary research (Kelemen and Rumens, 2008). The choice and the justifications behind selecting this approach will be discussed in detail in the following sections.

The ontology defines the nature of reality (Hudson and Ozanne, 1988). The central point of orientation here is the question of whether social entities can and should be considered objective entities that have a reality external to social actors, or whether they can and should be considered social constructions built up from the perceptions and actions of social actors (Bryman and Bell, 2003). The investigation of ontological distinctions is a critical facet of the research process because it enables the researcher to uncover how their perceptions of human nature have an impact on the approach they consciously adopt to reveal

social truths (David & Sutton, 2004).

Subjectivism asserts that social phenomena are created from the perceptions and consequent actions of social actors. As social interactions between actors are a continual process, it is necessary to study the details of a situation in order to understand what is happening or even the reality occurring behind what is happening (Saunders, Lewis & Thornhill, 2012).

The participants' personal interpretation of the given context and their personal view, their feelings and sensemaking based on their personal situation and background, are important to understand in order to make sense of the cross-sectional analysis within the reviewed cases and across the cases. In the presented research there is no such thing as the existence of a single reality. The individual's reality is dependent on human consciousness. The influence of the above mentioned elements on the individuals' definition of reality is important to be able to understand the influence of mergers and acquisitions on their interpretation of reality on an individual basis and also on a group and cross-case basis.

Epistemology can be defined as the relationship between the researcher and the reality (Carson *et al.*, 2001), or as the way in which this reality is captured or known. It is claimed by Crotty (1998, p. 8) that "epistemology is a way of understanding and explaining how we know what we know". Another theory states that epistemology tries to get an answer to different questions including: how do we know the world?; what is the relationship between the inquirer and the known? (Denzin and Lincoln, 1998).

Interpretivism advocates that it is necessary for the researcher to understand differences between humans in our role as social actors (Saunders, Lewis, Thornhill, 2012). Accordingly, Myers (2008, p. 38) states that "interpretive

researchers assume that access to reality (given or socially constructed) is only through social constructions such as language, consciousness, shared meanings, and instruments”.

It is further stated that the researcher and his respondents are interdependent and acting in both directions (Hudson and Ozanne, 1988). The interpretivist researcher starts his investigation activities with a situational review of the research context but he believes that it is not possible and not sufficient to develop a fixed and holistic research design because of the complex and unpredictable nature of the perceived reality (Hudson and Ozanne, 1988). In this context, the researcher remains open to new information and knowledge as the study takes place and is also open-minded regarding the support of the respondents in order to develop the research design over time. The target of interpretivist research is the constant process of understanding, interpretation and reinterpretation of the intentional, meaningful behaviour of people; it is not to generalise and predict causes and effects (Smith, 1989, p. 85; Neuman, 2000).

It is important in the research to investigate how the reviewed participants make sense of the given situation and observe the development of sensemaking over time in the context of mergers and acquisitions. The approach of the individuals regarding their personal situation, their organisational role and function while the mergers take place are of interest to the investigation and this is part of the data-collection method shown in Section 4.8.

The level of personal values of the researcher and the participants has an impact on the approach, the investigation and analysis of the research. It is impossible for research to be completely free of personal values, as research is always biased towards the values of the researcher. Hence the axiology stance

is objective/subjective. This means that, in the approach to data collection, I have a neutral position and I am not preoccupied with the selection of participants for the interviews in the reviewed case studies. Also the definition of the research questions and the interview itself are based on a neutral researcher position. This means that the participants are not influenced by the researcher in the way that they answer the interview questions. The interpretation of the research findings is then based on the experience and, to a certain degree, the values of the researcher. This leads to the sensemaking of the findings by the researcher. The mixed axiology approach is essential in order to generate sufficient results.

4.4 Research approach

The data collection supports the exploration and explanation of the influence of the specific change activities of M&As on individuals within the reviewed organisations. The generated findings and outcomes of the description and analysis of the collected data is then used to build theory based on a conceptual model and framework that will support theory and management in that research area. The applied inductive approach is necessary since there is no available theory that focuses on the level of complexity of this presented research. Research has been done on the individual human functional element in the context of change and of mergers and acquisitions, but the number of human functional elements, their interaction and interdependency, has not yet been investigated in one single piece of research. Research using an inductive approach is likely to be concerned in particular with the context in which such events take place. Therefore, the study of a small sample of subjects might be

more appropriate than the study of a larger number, as with the deductive approach (Saunders *et al.*, 2012).

4.5 Methodological choice

The philosophical position of pragmatism, presented in Section 4.3, has led to a mono-method qualitative-method research design to support the creation of valid answers to the research aim and the research questions. The mono-method is sufficient since it generates several levels of information generated out of the collected data. On the one hand, it offers detailed information on individuals for a narrative analysis to understand behaviour and sensemaking in the context of merger-and-acquisition change in one particular case. On the other hand, it also supports the cross-case analysis for an analysis of individual case-specific phenomena and also systematic findings across the cases.

4.6 Strategy – Case study

The discussed research methodology leads to the research strategy of the case study. The case-study methodology has different interpretations and definitions. The interpretation of scholars such as Bromley (1990) is that the case-study method is an attempt systematically to investigate an event or a set of related events with the specific aim of describing and explaining this situation and phenomenon. Berg (2004, 2007) has defined case study as a method involving systematically gathering enough information about a particular person, social setting, event, or group to permit the researcher to understand effectively how the subject operates or functions.

The choice of a case-study research strategy has been attributed to a number of reasons. As stated by Yin (2003), case study has a distinctive advantage over other research strategies when “how” or “why” questions are being posed to discover a current phenomenon and when the researcher has little or no control over the events. It also offers the opportunity to explain why certain outcomes may happen when compared with other research methodologies and methods that merely define what those outcomes are. To summarise the five research questions presented in Section 3.2, the aim is to find out if the human functional elements of the organisation have an influence on the individuals in the process and on the outcome of the 4 reviewed mergers and acquisitions and also whether has an influence on the individuals’ human functional elements and, if so, why. Also it is important to get information on the interaction and interdependency of these reviewed elements.

In the research investigation the application of the case study as research methodology with semi-structured interviews as the research method seems to be the best combination for gaining a deeper understanding of the activities and indications while the investigated mergers and acquisitions take place. In brief, the case-study method allows investigators to retain the holistic and meaningful characteristics of real-life events, such as individuals’ life cycles and organisational and managerial processes (Yin, 2003). The study reviews four cases of M&A activities. The cases are executed one after the other. This allows for concentration on the investigation of the case in detail without being diverted. There is also a mixture of different M&A forms and company size, as shown in the following. This further supports the cross-case discussion about similarities and differences between the individual narrative analysis findings of the cases.

To summarise, there exist different interpretations and definitions that suggest that the case study is an approach that can be used to investigate simple or complex phenomena, with the focus of the analysis varying from single individuals to large corporations and businesses. The complexity of the investigated human functional elements asks for a research strategy that supports the research aim. The case study, therefore, seems to be the right choice to get this intention supported. Since there are several human functional elements that are reviewed in the same research, the survey is very complex in order to collect and analyse the necessary available data. The aim of the in-depth research is to gather the required amount of information to cover the given complexity and to answer the research question. The research intention requires a method that supports the above mentioned research expectations. The case-study approach seems to be the right choice.

There are three conditions which are important for the selection of the methodology. Besides the focus of the research question on the “how and why”, as discussed above, the extent of control over behavioural events is also mentioned by scholars as another factor for the selection of the applied research methodology. The case study is preferred in examining contemporary events, but when the relevant behaviours cannot be manipulated. In the context of the presented research the extent of control by the researcher is limited since the research and study has already happened. The impact of the event on the individual’s human functional aspects and sensemaking is beyond the influence of the researcher. Furthermore, it is mentioned in the selection of the research methodology that there is a distinction between events which are in the past, also known as historical events, and those occurring at the present time, known as contemporary events. The investigated merger and acquisition cases have

all been started 4 to 5 years before the research began and are either still continuing or have just been finished. Based on the guidelines of scholars regarding in what situation a case study can be used, the critical reflection has confirmed the case study as the methodology that is used in the research to support the generation of data that will answer the research question and fulfil the research aim in an adequate manner.

A multiple holistic case-study approach, with four case studies, has been developed to gather the required information in both quantitative and qualitative respects. The focus on the employed case-study method is to generate a multiple-perspective approach to cover different industries, company sizes and different merger-and acquisition-concepts. By doing this, it is possible to investigate if industry-, company- or concept-specific phenomena exist and, on the other hand, whether it is possible to look for similar findings across the different researched case-study approaches. This is important insofar as it is essential for the development of the conceptual model presented in Section 5.7. The selection process of the participating companies in the case-study investigation is based on the aspects mentioned above and an overview of the analysed companies is presented in Table 4.2.

Table 4.2: Selection aspects of participating companies

Case	Bergman AG	Muntberg AG	Efcom GmbH	Lindeman AG
Products	Cement products and components	Electro industrial parts	Electro- and electro-mechanical products	Chemical industry
Ownership	Dax listed company	Dax listed company	Privat owned midsize company	Stock listed midsize company
M&A approach	Takeover 100%, fully integrated	Takeover 100%, fully integrated	New started Joint-venture, 60% ownership - 40% owned by PON AG. Company limited integrated (just by figures)	Takeover of former joint venture (minority owner) from Groundproducts (USA) – the joint venture lasted ten years
Integration level	Units from both companies fully merged, worldwide	ERP & reporting system implemented	Company fully managed by Efcom. ERP & reporting system implemented	Company fully integrated
Special case aspects	Similar products, different countries. Market expansion into Anglo-Saxon – American countries	Different products and industry (mechanical drives & gear boxes) for wind power. Integrated company owned by an financial investor before the integration	Different products and industry (parts for Professional trucks).	Business unit headquarter for the first three years in Allentown (USA). Afterwards transferred to Lindeman headquarter in Munich
Value chain	Horizontal & vertical value chain	Vertical value chain	Vertical value chain	Horizontal and vertical value chain

The number of cases was not defined in the beginning and has been developed over time, when no further additional information could be generated out of the reviewed merger-and-acquisition cases. The case-study access process was very time consuming. To find organisations to participate in the research took about two years. The focus was on bigger and stock-listed companies because of publication reasons. Smaller companies are not forced to publicise their company results and therefore they are very reluctant to provide inside information on their companies. The acquisition approach included four steps. The first step was to get in direct contact with the public-relations departments of the stock-listed companies. In the direct calls I got the information to send an E-mail with a description of my research intentions. From 30 E-mails sent, I got one instance of feedback expressing an interest in joining my research. A second mail followed two months later. The result out of that was that, from 27

mails, I received refusals and there was negative feedback in response to a further two mails. The fourth step was then to write to the CEOs of the companies a personal, direct letter. From the 27 letters I sent, I received 22 replies expressing negative feedback and a further five letters resulted in no feedback whatsoever. Since that approach did not work out I used a personal network of former and retired board members of stock-listed companies. These people are located in my private neighbourhood and this initiative was successful. I found that the participation of the required number of companies could be generated by this approach and this was a huge success factor for the research. After four investigated cases, the decision was made that the gathered information is quantitatively and qualitatively sufficient in order to generate a holistic and detailed understanding of how merger-and-acquisition processes take place, what they generate regarding an individual's human functional aspects and why they behave, when it comes to mergers and acquisitions, as they did behave.

The case-study research started with the first reviewed company in February 2012 and the last case study ended in December 2013. The approach was sequential. This means that each case was handled individually, one after the other. This allowed for concentration on each researched case in detail to generate sophisticated results without becoming deflected. A further aspect in the context of the case study is the applied data collection that will be presented in detail in Section 4.8. The number of participants and their selection criteria in the semi-structured interviews as data collection for the case studies is based on the research intention and on the research framework of the investigated companies. The influence on the individuals of both on the merger-and-acquisition participating companies is of interest. Therefore employees from

both companies are participating and investigated in order of the level of influence from the merger activities. Furthermore, it is of interest to find out if there is a deviation of the influence between employees that are actively joining the merger-and-acquisition project teams and those that are passively joining the integration activities from both investigated companies in the reviewed cases. That indicates that four interviews per case – two for each company, one for a person actively joining the integration project team and one for a person passively joining the integration – have been defined to realise the case study. The focus here was on employees from central units of the headquarters because of their relevance in being influenced by the merger-and-acquisition activities. Therefore the responsible top management in the participating companies were asked to select the “right” participants for the interviews so as to generate high-quality results. There was no criterion set by the researcher for the selection of the participants. It was left to the companies to identify participants as part of their agreeing to participate and that given they were interested in the outcomes of the research it was expected that the right respondents would be selected. This potentially being a source of bias and could also be a risk of focusing on positive perspectives only.

The case approach was started with one pilot case where the developed method approach was tested and, based on the generated results and the feedback of the interviewed participants, was adjusted and corrected. The pilot case was a merger of two telecommunication network companies in 2007. The interesting aspect here was the different cultural and operational approach from both companies before the merger started.

4.7 Time horizon

An important question to be asked in the context of the presented research is the time aspect of the investigation. The applied time horizon in the research is a “snapshot” with a kind of longitudinal aspect included. In the cross-sectional research, the development of the researched human functional aspects over time in the different organisations is reviewed. It was part of the selection process of the participating companies that the merger-and-acquisition activities started no longer than five years ago. At the particular time when the interviews took place the participants reviewed the developments of the merger-and-acquisition activities along the time bar, from the beginning to the end.

4.8 Data collection – Semi-structured interviews

The interview design is based on supporting the research aim and also on investigating the human functional elements built into the conceptual research model.

In the research, interviewing is used as the method of data collection. Maccoby and Maccoby (1954) define the interview as an unusual verbal communication process in which one person, the interviewer, attempts to elicit information or an expression of opinion or belief from another person or persons. In general it can be noted that the interview is a method of collecting data in which selected participants are asked questions in order to find out what they do, think or feel.

The questions have been designed to get a detailed insight into the individual's personal involvement and the impact on the individual of the merger-and-acquisition activities along the integration process. Also, the influence on the

individual human functional elements and on their sensemaking approach is investigated during the process.

A pilot study has been developed and the prepared research questions have been tested. The pilot study has been done with two participants who joined a merger of two telecommunication companies in 2007. The interview questions have been discussed and readjusted based on the feedback of the interviewee during the interview. Important in this context was that the question was understood by the participants and also that they generated the information which was expected and which was necessary to support the research questions and the research aim. The pilot interviews were essential to avoid mistakes and gaps and so as to generate research evidence and the framework for the semi-structured case-study interviews. The interviews were conducted at the campus of the telecommunication network company in Munich. The participants were handed the questions and the descriptions at the beginning of the interviews. This was done because the initial intention of the researcher was that the interviewees should not be subject to influence or manipulation before the interviews took place. This has been proved to be a mistake, however, since the beginning of the merger-and-acquisition activities was already a couple of years in the past and therefore it was hard for the participants to remember if they had not the chance to see the interview questions beforehand and also they could not reflect on them as regards the integration process in their specific case. This was a finding that resulted in changes being made in the subsequent interview process. The interview questions have been handed over to the participants beforehand the interviews. Other aspects of the questions, for example a differentiation of direct and top management and also a differentiation between old and new management, have been implemented in

the semi-structured interview as one result of the pilot interviews. The pilot interviews were conducted without a time limit so that there was room for discussion of all questions and for further discussion with the interviewed participants. Both interviews lasted for about two hours. They were digitally recorded on two machines and also written notes were made during the interviews. Digital recording was selected because it was important for the interviewer to concentrate on the execution of the interviews in order to cover all questions, generate sophisticated results and also recognise behavioural aspects of the interviewees when the questions were asked.

The interviews were transcribed afterwards and they were then translated, clustered and coded. Therefore an Excel spreadsheet was developed to create a standardised approach, which makes it possible to compare and summarise the interviews of the four cases afterwards.

The 12 developed questions were discussed in the two interviews with the two participants. The developed clusters and codes of the pilot interviews were reviewed and adapted in preparation for the case studies. The 12 semi-structured interview questions are presented in Appendix 3.

4.9 Data analysis

The analysis of the collected data from the 16 interviews was done in several steps. Each interview section was digitally recorded and each interview, lasting on average 1.5 hours, were transcribed. The interviews were executed either in English or German, depending on the language preference of the interviewee. Out of the 16 interviews, 4 interviews were executed in English and 12 in German. The transcription of the interviews was partially done by the

researcher and partially by two professional transcribers, a German one for the German interviews and a British one for the English interviews. The researcher has controlled the quality of the transcribed interviews. Comparing the written text with the digitally recorded interviews was part of the quality approach. This ensured that no information got lost and also ensured the required quality for the further research and analysis steps.

The coding process started with the design of the Excel spreadsheet, including all the required aspects defined as essential for further analysis. Starting with the two pilot interviews, the first spreadsheet was developed, tested and updated. Elements included in the spreadsheet were changed, with additions or deletions as one outcome of the pilot-interview analysis approach. The final spreadsheet structure has formed the framework for the qualitative analysis, the coding and the sensemaking of the transcribed interviews.

The spreadsheet was constructed with the following elements:

- Overall ID = Consecutive numbering within the case
- ID = Owner-specific consecutive numbering
- Owner = Name of interviewed person
- FKT = Function of interviewed person (e.g. act. mgt. integrated = Active in merger team in the integrated management of the integrated company)
- Page = On what page the information is published in the transcription
- Phase = On what phase (1, 2, 3, general) of the integration process this aspect focuses on
- Code = Specific description/meaning in the context of the defined second order code

- Second order code = defined code groups (e.g. communication, value systems, approach, sensemaking etc)
- Origin = Person-specific or general relevance
- Narrative = Summary (in English) of the passage in the text
- Passage in the text = Copied statement from the transcription in original language
- Evaluation = Three evaluation levels of the influence on the individual, the process of the discussed code: (+) positive, (+/-) neutral, (-) negative

In Appendix 4 the individual coding of one participating employee of the Lindeman case is shown. A further example with a selection of several pages of the overall company coding of the Lindeman case is shown in Appendix 5.

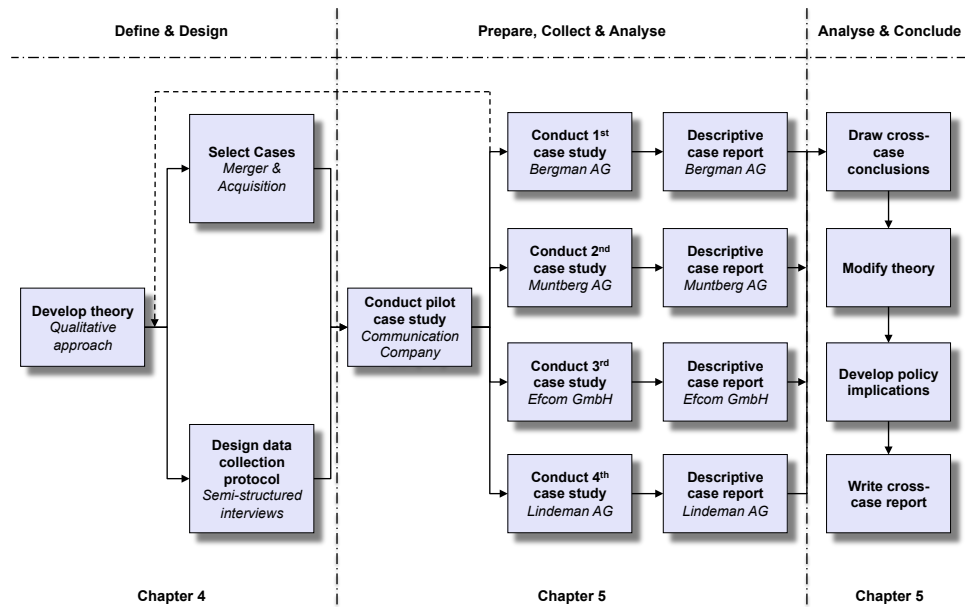
The overall research approach is developed further, based on the gathered additional information from the realisation process and the information presented by the interviewees. This includes a lot of loops to provide for definition and reflection of the created codes, contents and possibilities to improve further the validity of the created results. Each interview is analysed and coded individually. The reason for this is that in none of the reviewed cases were all four interviews done in one session. This means that the interviews took place over several days. Therefore the interviews have been transcribed in a sequential matter and the coding was then possible in order to the availability of the transcriptions. In the beginning, with the first transcription, the biggest improvements of the coding approach could be realised. With the increased number of codings, the level of new codes and information has been reduced.

This was the reason why, after 16 coded interviews, where no new findings were generated, the decision was made to collect no further information.

The interview and coding analysis takes place case by case. This means that, once all individual interviews of the cases have been transcribed, coded and analysed, the findings are brought together and the case view created. The descriptive analysis in Chapter 5 shows the descriptive case-by-case analysis. Once this have been done, the overall cross-case analysis and summary has been performed. This is important as the cases had, to a certain degree, different organisational and integration process set-ups. The heterogeneity of the analysed cases delivers increased evidence since the situational set-up was different and the outcomes and result, to a certain degree, similar. Also, the cross-case sensemaking analysis, has delivered interesting and quite overlapping results. This is all summarised in the conclusion and implication in Chapter 7.

The applied case-study methodology approach is presented in Figure 4.2. This reflects the activities described above and gives an overall overview of that approach.

Figure 4.2: Applied case-study methodology (COSMOS, 2000)



4.10 Ethical approach and issues in the research context

The ethical approach adopted in the thesis is informed by the University requirements at the time of commencing the research. The Academy of Management (2011) Code of Ethics has informed the design and construction of the research. The principles that have informed the research aspects include: the privacy of participants; the voluntary nature of participation and the right to withdraw; the informed consent of those participating; ensuring the confidentiality of data and the anonymity of those taking part; responsibility in the analysis of data and the reporting of findings; compliance in data management; and the safety of the researcher.

The ethical approach and reflection is structured in three stages: the ethical issues before the research commences; issues during the research; and issues

when the data collection has been completed. The major ethical aspects in the context of the research will be presented and discussed.

The most important ethical issue at the research-design stage is informed consent. Not taking care on this issue could mean that employees are not allowed to participate in the research, or that I am not allowed to disseminate my research findings. Therefore, a multi-layer communication and co-ordination approach is implemented. The first activity was to win the commitment of the company management to support the research. This has protected me, to a certain degree, against harm; it has supported the participation of company employees in my research, and also given the top management the attention needed.

During the data collection, it is the closest interaction between the researcher and the respondent. Such interaction inevitably creates situations involving ethical issues.

In interview, the participants could feel uncertain about what they have said and may feel that they have to withdraw from the research or decide not to tell everything. Hence, it is important that, as mentioned earlier, informed consent is reached. The informed-consent document is shown in the Appendix 1. The interviews are recorded. Thus the participants are offered the chance to reflect on that has been recorded. This has offered the participants the opportunity to correct their statements or to give more background information if they have felt it is necessary to convey the right understanding.

For whatever reason, it could have been the case that the participants wanted to withdraw from the research. In this case the participants would have been reassured that they may withdraw from the research at any time without any question. This approach is following the statement of Oliver (2003): "If the

respondent were informed that they could leave the research at any time, that no question would be asked, and no notice required, then it seems that the researchers have a moral duty to let the respondents leave as promised”.

The data collected is sensitive because it consists of the company’s internal data. It could be the case that the data is accessible to other people and distributed by them. This can cause damage to my research and to me.

To deal with this important matter, the research data is not saved on public company drives. Instead, the data is saved on my internal computer drive and security saves on the personal-research CD are made. Printouts and paper documentation are locked. This approach has also cover the uncontrolled dissemination of my findings by other people.

4.11 Chapter summary

The chapter reflects the applied-research design, methodology and method approach that was applied to gather, describe and analyse the data presented in the next chapters and to generate a holistic and sufficient quantity and quality of information and results to support the research aim and answer the research questions. The presented combination is based on the research onion approach of Saunders, Lewis, Thornhill (2012). This approach covers all relevant aspects of the research philosophical stance and the research design to generate convincing results in the context of data collection and data analysis in the presented mergers-and-acquisitions research. It also supports the interpretation of the individual sensemaking of the reviewed and investigated participants in the case studies presented in the following chapters.

5 Results and analysis

5.1 Introduction

The results and analysis chapter will start with a presentation of the descriptive analysis of the four reviewed case studies. All four case studies are presented in the same structure as shown in Table 5.1. This will start with a company overview of both participating companies. For the descriptive analysis of the interviews, a four-stage approach is applied and presented. The first three stages are based on a timeline analysis. This means that the findings are aligned in the integration-process timeline and the mentioned phases are based on the point in time when they were effective. The timeframe was the result of discussions with the management participants in the interviews. The timeframes for the phases are defined based on significant events. The fourth stage is then based on elements which are not fixed at a certain point in time and therefore are of general status for the integration process. The reason for applying this approach is based on the gathered results out of the coding and clustering approach done for each interview and question, and also to get answers on the research intention and research question.

One representative employee from both companies for each function mentioned before was participating in the interview. The analysis of the influence of human functional elements on the process and outcome of the integration is done in a cluster-impact analysis at three phases along the timeline.

The following phase structure is used on the four reviewed cases:

- Beginning of integration, phase 1

- Middle of Integration, phase 2
- End of integration, phase 3

The general findings-and-review section then highlights the case-specific findings that are independent of time aspects and of general status in the specific discussed case study. Its also presents a review of the individual descriptive-case analysis. In Appendices 6 to 9, graphic summaries for every process phase of each investigated case study are presented. The figures of phase 1 are shown in Appendix 6, phase 2 is presented in Appendix 7, the figures of phase 3 are presented in Appendix 8 and the general findings of the case studies are shown in Appendix 9.

Table 5.1: Overview of the case presentation

Company Information - Company A / Company B
Respondent overview
Phase 1
Phase 2
Phase 3
General findings and review of the narrative-case analysis

The descriptive-case analysis is then followed by the cross-case analysis with the aim of defining and discussing common and individual findings on the reviewed human functional elements and the investigated case studies. A simulation of the interaction and influence of the researched human functional elements on other elements and on the process will then follow. The focus here

is on investigating the influence development over time. The chapter will close with the update of the designed human functional elements model (see Figure 3.6), based on the findings in this chapter and on the summary of the chapter. Table 5.2 gives an overview of the Chapter 5 structure.

Table 5.2: Overview of Chapter 5

5.2 – Case 1: Bergman AG
5.3 – Case 2: Muntberg AG
5.4 – Case 3: Ecom GmbH
5.5 – Case 4: Lindeman AG
5.6 – Cross-Case Analysis
5.7 – Revised human functional research model
5.8 – Chapter summary

5.2 Case 1 – Bergman AG

5.2.1 Information of participating companies

Bergman AG is a German-based company active in the production of cement and other building materials such as cement additives, aggregates, ready-mixed concrete, concrete products, paving material and mortar. Apart from Germany, Bergman was active in various other European countries, the United States, Canada and several African and Asian countries. Within the European Union, Bergman's principal geographic focus was Germany before the merger. The Bergman organisation and its subsidiaries employed approximately 45,958 (Bergman, 2007) people across the world. The reported global revenue was of 9,234 billion euros (Bergman, 2007) for the business year 2006. Bergman has a primary listing on the Frankfurt stock exchange. Table 5.3 gives an overview of the participating companies.

Table 5.3: Corporate information Case 1 – Bergman AG

	Bergman AG	Upstom plc
Employees:	45,958 (2006)	25,400 (2006)
Revenues:	9,234 billion euros (2006)	6,644 billion euros (2006)
Industry:	Cement	Cement
Products:	Cement Production	Aggregates and Concrete

Upstom plc (Upstom 2007), which was headquartered in London, produced a wide variety of building materials, concentrating on aggregates, ready-mixed concrete, asphalt, concrete products, bricks and cement-related products. Upstom was not active in the production of cement. Upstom had activities in the UK, in some countries of continental Europe, in the United States, Mexico,

Canada, Israel, Australia and some Asian countries. Within the European Union, Upstom's main geographic focus was the United Kingdom.

5.2.2 Respondent overview

A general overview of the participants is provided in Table 5.4. A detailed presentation of the individuals is presented in Appendix 2.

Table 5.4: Respondent overview Case 1 – Bergman AG

Respondent overview Case 1 - Bergman AG
<p>Upstom employee (Not active in the integration team) The Upstom employee was joining the Upstom company already a couple of years before the merger took place.</p>
<p>Upstom manager (Active in the integration team) The Upstom manager was joining the Upstom company for about 15 years before the merger took place.</p>
<p>Bergman employee (Not active in the integration team) The Bergman employee was working for more the 10 years as manager responsible for the concrete and aggregates of Bergman for Europe.</p>
<p>Bergman manager (Active in the integration team) The Bergman manager worked for Bergman already for years as HR director before the integration of Upstom.</p>

5.2.3 Phase 1 (07.2007)

The first phase, lasted from July 2007 until July 2008. The first impressions and feelings that came up when the merger was announced within the Upstom organisation was disappointment that the company had been sold. Employees did not understand why the successful company was sold to the German Bergman group. This then generated personal fear and personal tension across the Upstom company. The statement from the Upstom management in that

context was that *“disappointment that Upstom wasn’t to continue as we knew it and that we were obviously being bought by a German company”*. The Upstom employee said that, when the merger was announced, *“I then became concerned, I suppose, of what sort of rationalisation was going to take place, were we gonna be losing jobs”*. They said that everybody in the Upstom organisation was quite nervous.

One positive aspect in the first stage was that the former CEO of Upstom was still working within the organisation and had not left. This was a very positive indicator for the Upstom employees that there was commitment from their former CEO towards the merger and the Bergman company. This type of merger stability was very important for the integration process, especially in the beginning when the integration started. A quite significant statement was made by the Upstom manager who said *“people in the operation did not really feel it. It did not matter to them who owned them really. Apart from their shares save and their shares, nothing affected them”*. This means and indicates that the merger activities were primarily focused on the white-collar organisational units. One further important point which was mentioned was that the Upstom brand was kept and not changed into Bergman which was not very well known in the UK and other Anglo-Saxon countries. The only addition to the Upstom name was “member of Bergman”. It was mentioned by the interviewed participants from both former companies that this supported the identification and integration of the former Upstom employees into the Bergman group. In this context, it was also mentioned that the management did not implement the change activities too quickly. The overall change approach was quite smooth. The Bergman employee said: *“This was different to our competitors who did change activities very fast and changed a lot of things quite from the beginning*

and had implemented the new corporate identity immediately into the new organisation.” One reason for this smoother approach was based on the Bergman company philosophy. It was said that, in their industries, all their market is local. They sell homogeneous mass products, concrete which is delivered up to a distance of 25 km. The Bergman HR manager said: *“Therefore we say if a local brand does exist, we keep it. This is where we differ from our competition. I think that our approach is better since we support more the local identity of the employees”.*

In the area of decision-making some very interesting information and statements were given by the interviewees. It was said that the decisions in the beginning were done very quickly. This then generated a dispute since the decisions had to be made fast but also had to be qualified. This then generated high levels of pressure on the individuals.

Their approach and priorities in the merger were:

- 1.) You have to decide about the new organisation in the country.
- 2.) The HR decisions have to be made very quickly.

The Bergman HR director said: *“The faster the organisation and the management is defined, the faster the organisation is able to work. If you need too long for that, then customers maybe will move and the competition is happy”.* This was quite important in the context of the merger. In this context, there were further interesting statements made. It was said that the selection process for management positions was not a question of "the passport", it was more a question of whether the person was able to manage the position from a functional and leadership point of view. An example of this selection approach

was the top-down placement approach in the UK and USA where they started with the set-up of the local board members. The Bergman HR director said: *“First we had defined the country CEO. In the UK we first placed a Bergman manager. That did not work as expected and we replaced him after half-a-year by an Upstom manager. For us this was not a question of the passport”*.

One very interesting aspect regarding the evaluation of the level of cultural fit of the merged companies was mentioned. The Bergman HR director said: *“We did a “Cultural Base Line” management questionnaire where we compared the two cultures”*. This was done on the basis of a questionnaire for managers where they let them evaluate the corporate culture at Upstom and Bergman to compare them. The results generated out of that were very similar, he said. The high level of similarity of the two former organisational cultures may be caused by the fact that they are in the same business.

A negative discovery in the first phase was that the Upstom management evaluation took far too long in the understanding of the Bergman employee. He stated that *“The general acquisition approach was an overnight activity”* but the following elaboration approach of the integrated management did took longer. He said that, when things had been owned before by a financial investor, it had been very much financial driven, which did not fit with the very operative approach from Bergman. There were people who did not fit the Bergman approach. He said: *“We dismissed them very fast. Another group did take longer and one person is still in the company.”* That is always an approach that could have been done quicker by getting clearance and organisational stability quicker.

5.2.4 Phase 2 (08.2008)

The second phase of the integration was from August 2008 to October 2010. This phase is interesting insofar as there was an additional organisational layer introduced in the UK HR department reporting path through the headquarters in Germany. The Upstom UK HR head then had to report to two people. This also means that management from the old Upstom organisation, who were joining the integration team, had to make personal adjustments in order to fit into the new and integrated organisational set-up within the Bergman group. The UK HR manager said that, by introducing a new layer of management, *“it was almost as if I lost some of my responsibility in the team. So that was quite hard as a personal adjustment but it came one year down the line so it was not day one.”* The introduction of the new layer also hit her ego as she added that *“you’d just realise you had to field that through and it is just the way it is going today. But, yes, you are right it hit the ego a little bit and it was a concern.”* She also said that it was quite hard, but in the context of sensemaking, which was described in phase 1, this person was still committed and has reached the personal target setting.

In the interviews, it was stated several times that continuous communication and ensuring that the information is understood correctly by the employees is essential to generating integration success and avoiding rumours. As the Bergman HR director said: *“Communication is one of the most important things in change. Whatever you communicate, it can be interpreted wrong. Whatever you communicate on the top management level, you cannot ensure that it is reached by the employer on the working level and the shops. If you communicate, you have to ensure that the information is spread and is received by the employees.”*

In the area of cultural fit, the interviews have generated some interesting findings. Beside the integration of Upstom into the Bergman group, there was another Bergman organisation participating on these activities. The Ecton cement company was acquired by Bergman in 1998 and was representing Bergman activities in the Anglo-Saxon countries. They were integrated into the group quite loosely before the Upstom integration started. The different leadership and general management style within that organisation also introduced a different organisational culture compared with the other two organisations which had a very similar organisational culture. This was confirmed by all interviewed participants, from both companies, who confirmed a high level of similarity in Upstom and Bergman cultures. In addition, it was mentioned by an Upstom employee that a kind of blame culture increased over time and was very strong in 2009/2010. She said that Bergman was forced by the world economic crisis in 2008 to improve financial stability and also to increase the profitability of the integrated Henson activities. In the UK and also in lots of other countries the revenue decreased very much and therefore profitability was also going down and, based on that, the reinvestment from Bergman in the bought business became critical. Bergman at this time was facing problems reinvesting in the Upstom deal and therefore the tension within the group increased. As a result, the dynamic within the group changed and the number of profitable activities increased. Consequently, the cultural aspects also changed, triggered by the external economic factors.

5.2.5 Phase 3 (11.2010-04.2012)

In phase 3, which lasted from November 2010 to April 2012, all participants have stressed one major topic above all others. The development of the organisational culture, and the cultural contrasts at the organisational level and in the organisational units was the dominant theme. It was said that the cultural approach at Bergman was not influenced as strongly as were Upstom and Ecton by the merger.

Overall it was said that the cultural change in phase 3 was moving towards a common culture in the Bergman group, but it was also said that, in the beginning, it was very much Bergman-driven, as the Upstom employee stated: *“I think we’re getting there now, I think the corporate culture is changing, but at the beginning it was very... lots of Bergman things.”*

The topic of communication was further developed by the participants in phase 3. This was confirmed by the Bergman HR director when he said: *“I felt very well informed. I think that there is never too much information. You have to take care in such situations that you do not leave room for speculation.”* The Upstom HR manager also confirmed very intensive communication. She said: *“So they made sure that we understood everything what was going on and they did do a policy-check survey of the wider population.”*

One other important point was also mentioned by the interview participants. They said that it was a continuous, sequential and very smooth transition. The Upstom manager said: *“Things happen so slowly that we did not really realise that things had happened.”* It was reported that, in phase 3, Upstom was asked to fully implement and adapt to the Bergman processes, tools and report systems.

The integration itself was described as a top-down approach. It was reported

that the shape of the new organisation was designed very quickly, starting with the first layer, the top management. The HR director said: *“As long as you have not decided the top management, the organisation will not work.”* In the second step the question was how to merge into one and optimise on a local base. They typically had local head offices. It was important for Bergman that they give a certain degree of freedom to the integrated company as well as a high level of standardisation in order to have efficient processes and reporting. This was implemented right from the beginning.

5.2.6 General findings and review of the narrative case analysis

One important point in this general perspective is the statement of both Bergman employees regarding the influence of the opinion leaders. They said that they didn't know that the influence of opinion leaders among the organisation and its employees was so high. It was mentioned the experience was such that, if one opinion leader was saying something, it was like the law and people would follow and they could not believe that. Therefore it is very important for them to identify the opinion leaders in the organisation and take account of them right from the beginning.

The Upstom manager mentioned one further area. It was said that a necessary change manager was not installed and that the project team organised everything for themselves. She felt that a change manager would have been an advantage in order to overview and organise the necessary activities from one central point. As the project team members had to perform these activities beside their regular work, it was an increase in workload and also created additional problems since they had to perform both functions, as line manager and as project team member and manager. She reported: *“so it was just a small*

thing that went wrong from the part of the acquisition and integration, yes, but I suppose that is just quite important”.

Since the integration team members had a huge workload in the integration phase and the Bergman top management wanted to reward their support, the management developed a bonus programme for the integration project team members. The progress of the bonus programme was followed up. The Bergman HR director said: *“We had a huge focus on the integration success, not on the fulfilment of the milestones but on the influence on the profit and loss”.*

The Bergman HR manager mentioned one negative aspect that should have been done in a different way. He said that such *“things as how the organisation should look like and also the decision who is in the lead should have been done faster than we did it”.* The generated effects would be that the level of uncertainty within the organisation, especially at the management level, would have been lower. Also the level and number of rumours within the organisation would have been reduced. The concentration on the business would then also have been started earlier than it was. It was added that the more time you need, the more you lose in the operational business. The pressure on the integration team members was very high, because they always said that business disruption must be avoided. It was therefore important that the business did not get out of focus. He mentioned that *“the problem is known by everybody but it is very often underestimated that if you get out of focus and need too long to get the things done, you are facing that kind of problem”.*

It was quite interesting that there were several different evaluations of the situation, especially regarding the communication approach and also the integration approach itself. The Bergman HR director said: *“It was well*

prepared. At the due-diligence stage we were very much focused on finding out if there were overlaps, problems, or addendums existing. The fact was that it was an excellent addendum to the existing business at Bergman. Only a few problems did exist. We have also handled the merger very professionally as Upstom and ourselves already had change experience. We already had a lot of organisational change experience which is a key success factor in deciding if iorganisations are able to handle change or not.” The evaluation of the integration itself was seen differently by the employees. The Upstom employee said that the missing communication and insecurity at the Upstom management level had increased rumours and insecurity at the employee level: *“I think, for some of us, as well as, you know, the lower level, we also had some uncertainty because we didn’t know how the top level were going to change and we’ve been working with these people for a long period of time.”*

Overall, the merger and integration of Upstom into the Bergman group has been evaluated by all participants as a success. The Bergman group has done several integrations previously. For them it is important to have change experience if you are doing an integration so as to make it a success. The HR director said: *“I believe that change is a continuous topic and I also believe that the more change you have or have had, the better you can manage change.”* The Bergman employee confirmed the statements saying that it was the right decision and that they would do it again because, overall, it has brought a lot of positive aspects to the Bergman organisation. He said: *“Because of the acquisition we have developed into the world’s biggest manufacturer for cement aggregates. The company – Upstom – has a lot of valuable assets. Because of the product structure we have now, we would do it again. To review it, it was the right idea and a very good idea to make the acquisition of Upstom.”* The

Upstom employee confirmed that the integration was a success because it opened up a big, diverse workforce and also has improved personnel-development possibilities for the employees. She said: *“I think at times it has been a success, because I think it has opened up a big, diverse workforce, so it’s actually enabled people that do want a career, they’re now not just stuck in the UK, they can now travel to Germany or the Czech Republic or wherever, so I think in those terms it’s been a success, that it’s actually given us a bit of a bigger picture to work towards.”* For the UK HR manager, the merger was also a success, based on her sensemaking approach, since she was focusing on getting the Bergman HR function in the UK, which did work out for her personally. As mentioned before, she has accepted additional workload and stress to reach her personal target.

The Bergman HR director said that the integration of the Upstom merger had confirmed his attitude, which he had before, that they were able to handle mergers of this size. He said: *“The attitude has been confirmed by this huge merger. We are able to do that.”* As a basis for further analysis and in order to compare the results of the Bergman AG integration analysis with the other case studies, the most important findings, based on the research evaluation, are shown in Table 5.5.

Table 5.5: Summary of important Bergman AG case findings

The communication approach developed over time; E+/-
World economic crisis in 2008 has influenced the merger activities; E-
Upstom management evaluation took far too long; E-
Missing openness and honesty of Upstom colleagues in the beginning; E-
Cultural baseline management; M+
Upstom brand was kept; E+
Former Upstom top management committed the merger and stayed in company; M+
Sequential and very smooth transition; M+
Selection process of management positions was not a question of “the passport”; M+/-
People in the operation did not feel it; M+/-
Taking account of the opinion leader right from the beginning; M+/-
All markets in the cement industry are local; M +/-
The necessary change manager was not installed; M-
Fast decision-making based on facts and not on historical reasons; M+
Because of the merger, Bergman has become the number one for aggregates in the world; E+
The merger has confirmed the belief that Bergman is able to do such huge integrations; M+
Such things as how the organisation should look like and also the decision as to who is in the lead should have been done faster than we did It; M-

5.3 Case 2 – Muntberg AG

5.3.1 Information of participating companies

Muntberg AG is a German multinational engineering and electronics company which has headquarters in Munich and Berlin. It is the largest Europe-based electronics and electrical engineering company. Muntberg operations were divided into six business areas at this time. These were “Information and Communications, Automation and Control, Power, Transportation, Medical, Lighting” and two other areas, “Financing and Real Estate and Affiliates”. The Muntberg organisation and its subsidiaries employed approximately 430,000 people across nearly 190 countries (Muntberg 2004). The reported global revenue was 75,167 billion euros for the business year 2004 (Muntberg, 2004). Muntberg has a primary listing on the Frankfurt Stock Exchange and a secondary listing on the New York Stock Exchange. Table 5.6 gives an overview of the participating companies.

Table 5.6: Corporate information Case 2 – Muntberg AG

	Muntberg AG	Ameracs Holding GmbH
Employees:	430,000 (2004)	6,700 (2004)
Revenues:	75,167 billion euro (2004)	1,012 billion euro (2004)
Industry:	Electrical Engineering	Mechanical Engineering
Products:	Electronics and Electrical Products	Gearboxes, Couplers, Electric Motors

Ameracs Holding GmbH, Bocholt, was one of the world's leading suppliers of gear systems.

With 6,700 employees at 80 locations world-wide and sales of 1,012 billion euro

(Ameracs, 2005), the Ameracs Group was a successful supplier of mechanical and electrical drive equipment, typically used in mechanical engineering, basic materials processing, transport and conveying systems and also in power generation. Ameracs's product portfolio concentrated particularly on gear technology, ranging from couplings and industrial gear units to gear motors and large gears for ships and windpower stations. The regional activities of the Ameracs Group were mainly concentrated in Germany, France, China, India and the USA.

Ameracs AG is a daughter company of the Ameracs Holding GmbH. Ameracs AG had, in the recent past, before the Muntberg acquisition, already several changes of ownership. In 2000, Babcock Borsig AG sold all shares of Ameracs AG to a subsidiary of Citicorp Venture Capital in London. In May 2001, a new Ameracs assembly plant in Voerde/Friedrichsfeld opened with a production area of more than 30,000 square meters and the latest assembly and test facilities.

5.3.2 Respondent overview

A general overview of the participants is provided in Table 5.7. A detailed presentation of the individuals is presented in Appendix 2.

Table 5.7: Respondent overview Case 2 – Muntberg AG

Respondent overview Case 2 - Muntberg AG
Ameracs employee (Not active in the integration team) The Ameracs employee was employed for two years at the time of the takeover at Ameracs.
Ameracs manager (Active in the integration team) The Ameracs manager was employed for one year at Ameracs before the integration activities started.
Muntberg employee (Not active in the integration team) The Muntberg employee joined the company in March 2006.
Muntberg manager (Active in the integration team) The Muntberg manager worked for Muntberg already for years before the integration of Ameracs.

5.3.3 Phase 1 (06.2005)

The first phase lasted from June 2005 to November 2007.

Most elements in this phase are located below the neutral line, in the negative area. Out of the elements, several clusters have been built to indicate the main areas which are reported and discussed within these perspectives.

The integration approach in the beginning was described overall as negative by the respondents. It was mentioned by the interviewed employees that the complications in the beginning have been above expectations. It was said that it was felt as a very insensitive approach in which a deeper analysis of the existing situation within the Ameracs organisation was not given. The applied approach was that the people from Muntberg did not evaluate the processes and approaches of the bought company. This could have avoided a lot of discussions and argumentation afterwards. The missing valuation of the work done within Ameracs may have led to a reduction in self-esteem at the employee level in that organisation and may also have led to a reduced identification with the Muntberg company. The influence on the merger process

and on the outcome was seen as negative by the employees. If an in-depth analysis had been applied at the beginning, a lot of effort could have been avoided; also a lot of non-conformance costs and also the commitment to the merger from the employees' side could perhaps have been increased. This is supported by different and complementary statements of employees and management in the case of the decision-making process in the beginning. The Ameracs employee said that decisions had often been made without "the required information" whereas the Muntberg manager said that *"it was not so complex, we had not to ask too many questions. We were able to make very fast decisions. Sometimes we had to readjust, but most of the time it was fine"*. This shows that there are often different views, interpretations and explanations of the same aspects, based on the level of involvement and the basis of the information. In this case, the element of decision-making at phase one is seen as a negative aspect from the employee level and as a more positive aspect from the management level. The result may be a further decrease in commitment at the employee level whereas the management confirmed their view of themselves as being on the right path.

These stated impressions were further supported as the Ameracs manager said during the interview that no clear expectation of the merger, the process or the outcome was expressed before, or at the beginning of, the merger from either side. This is critical insofar as no clear targets or strategy for reaching the targets was defined. The employees also said that they had the feeling that a lot of decisions at this stage had been made without the required information. In combination with the other aspects mentioned, this may have led to an increase in contradictory communication by the management, which could then have led to rumours within the organisation and also increased insecurity among the

employees, reduced their identification with the new organisation and, as a consequence, led to demotivation of the employees.

It was also said that it was quite important for the employees that the top management within the organisation was stable when the integration started. As the Muntberg manager stated, only the former CFO from Ameracs was replaced (by him) and all the other management from Ameracs kept their jobs. This has created trust throughout the organisation including among the employees. It was mentioned that, at the beginning of the integration activities, it was most important *“to support people to get along with Muntberg”*. This was mentioned by the Muntberg manager who said that he felt that, if he had not ensured that this was the case, people would have felt lost amid this huge, new organisation. He also said, in this context, that it was important *“to keep things stable”*. The meaning and interpretation of that is that it was quite important for him, at the beginning of the integration activities, not to increase the insecurity of employees by starting too many activities at once. He said that, if they had done this, they would have lost a lot of employees and also the level of demotivation and frustration would have increased and the necessary support for rolling out certain things in the organisation would have not been given.

The financial situation of Muntberg, as the new owner of Ameracs, was quite a positive aspect for the employees at the beginning. Since the firm had been owned before by a financial investor, where the focus was on cost saving, the takeover by Muntberg was a positive motivation for the employees and gave them security for their future.

To close this perspective, it can be said that most elements shown in the first phase are in the negative area. There are a lot of aspects, which may have

influenced the combination with other aspects in order to affect the process and outcome of the integration in the first phase.

5.3.4 Phase 2 (12.2007)

The second phase of the integration was from December 2007 to May 2010.

The centralisation of activities, where tasks and functions were transferred from Ameracs to Muntberg's headquarters, created confusion and motivation issues at the employee level. Respondents said that levels of insecurity had increased as a result.

The increased organisational complexity, through the addition of more organisational layers and more regulations, may have created a more complicated decision process, according to Ameracs employee who said that *"more regulations in an already lean organisation had created a more complicated decision process"*. This led to confusion and disorientation among employees and also decreased the motivation and commitment of the employees to the new owner, Muntberg.

One problem, which was seen by the Ameracs manager, was the missing acceptance by the Muntberg headquarters of the existing Ameracs brand. Compared with Muntberg, he said, the Ameracs group was very small and their activities were concentrated on certain industries and therefore the brand was known only within these industries where it was highly respected. On the other hand, Muntberg was not known in the mechanical drives industry and therefore had no name within that industry. This was not seen by the Muntberg integration management team at the beginning. The onsite management, the CFO and his direct employees, found it very important that the Ameracs brand, and also the Ameracs name, was kept. Since the employees had identified

themselves very much with the Ameracs brand and were very proud of it, change to Muntberg was highly unacceptable to the employees and created a lot of resistance towards the integration.

Because of the cultural change during the integration, the employees' motivation and identification with the integration increased, as the management stated in the interview. They said that the leadership style, and also the way in which the employees were treated, were totally changed from the previous situation at the old Ameracs organisation.

Of great importance in the second phase was the fact that the interviewees said they felt more secure because of the improved financial situation once the Ameracs organisation was integrated into Muntberg. This was because, before the Muntberg integration, Ameracs belonged to a financial investor, Citicorp Venture Capital. The statements in that context were that the focus then had been very much on cost saving. It had been more of a cost-focused approach and less of a strategic organisational product and market development. This changed following integration into the Muntberg group. Both groups – employees and management – said that the takeover from Muntberg occurred at the right time. Without Muntberg the required investment in the production facilities, in order to get new facilities and machines to secure the future of the company, would not have been done. This has been confirmed as one example by the Ameracs manager when he said: *“When we have been owned by a finance investor, we were asked to save money and concentrate on such things.”*

A further finding is that the company is now applying a more social approach. This was mentioned several times across the interviewees. It was, for example expressed in the statements that a company kindergarten had been

implemented. The effect of that was increased flexibility for parents working in the company in the context of working hours and less stress caused by their taking care of their children. This, then, may lead to an increased identification with the company and also increased employee motivation in doing their work. As the Muntberg employee said, *"the customer orientation in the kindergarten helps to improve corporate commitment and identity and form the corporate culture"*.

From the management side, it was seen as very important that the change process was not overloaded with activities to avoid confusion and rumours during the integration. The Muntberg manager stated: *"We had time to apply a very smooth change. Therefore we had not to do too many things to change directly, in a hard manner."* He saw this as essential criteria for the success of the integration process and the change effects.

The distribution of the elements within phase 2 (Appendix 7) shows that there is a change in the trend, compared with phase 1 where most elements were seen as negative. In phase 2 the distribution of negative and positive elements is nearly equal. Over time this has developed further into the positive quarter.

5.3.5 Phase 3 (06.2010-05.2011)

The third phase of the integration was from June 2010 to May 2011. This phase of the Muntberg integration approach shows further improvements. The decision approach has been mentioned across the phases throughout the whole process. It has improved over time as people have accepted the new circumstances in the new organisation. They have developed their personalities from those suitable for a mid-size company to those fitting for a global market-leading organisation. The organisational structure has become more

complicated with more layers and interfaces than before. This also means that decisions have to be agreed very often by different organisational units. This has reduced the speed of decisions. But this does not mean that the overall quality has decreased. As one interviewed employee said, *“Decisions have to be adjusted via the matrix organisation with headquarters”*. This may indicate that the process has got worse, but on the other hand, the management stated that *“All decisions were based on facts and the question of at what point in the information do we dare to make the decision – at 80, 90, 99%?”*. They also said that *“We now talk a little more and we are more open to those things (decision-making)”*. This means, from the management point of view, that the approach to decisions has improved. The employees are nowadays much more integrated in decision-making and can bring their own opinions into the approach.

One point which may could lead towards a negative interpretation of the overall integration approach is mentioned by the Muntberg manager when he said: *“The identification of a lot of employees is still Ameracs. People say they are Ameracs people instead of Muntberg people. We are Ameracs, belonging to Muntberg. That is ok. That we keep because, for us, a positive identification is very important.”* The signal here is that this is not seen as critical in the context of the posted integration into the Muntberg company. The management said that the overall performance of the company is compensating for this element. It is seen as a minor topic which will be regulated over time.

The area of corporate identity, motivation and identification was very much the focus of the Muntberg manager during the merger. The change in corporate culture was very much based on the leadership style of the CEO in charge. As the Muntberg manager said: *“This has changed from CEO to CEO and has developed from a patriarchal approach to a more collegiate one and now, with*

my third CEO colleague, it has got to a very collegiate one. This means he is discussing things with employees and also allows different opinions. This is very supportive for the identification and the motivation of the employees.” And, in the third phase of the integration, this has then developed into the form intended by the Muntberg manager. He also confirmed that, by changing this, it has increased the corporate identity, motivation and identification of the employees.

It was also mentioned several times that the implementation of new procedures and methods and the initiation of change activities needs to be done when the organisation is ready. This means that, even if the management think it is possible to initiate certain activities at a certain point in time, it can be assured that the organisation understands and supports the implementation. This was the case during the Ameracs integration when the Muntberg manager implemented the change in delivery quality towards the customers. He said that, when the order books were full of contracts, it wouldn't have been possible to increase delivery quality. When the industry recession did hit the company, that was the time and the opportunity to improve the delivery quality. At these points in time, this was fully recognised by the employees and also supported by them.

The Muntberg manager further said that the very hierarchical approach had changed to a team and partner approach. Also it was now expected for the employees to argue and represent their opinions in discussions. This, he argued, may lead to an increase of their identification with the company and may also increase their motivation and acceptance of the new owner, Muntberg.

To summarise the phase, it can be said that, at the present stage, the positive aspects have been further developed further and the negative aspects have been reduced.

5.3.6 General findings and review of the narrative case analysis

One important general point mentioned by the Muntberg manager was that it took 1½ years to bring the two organisations together. Since, before the merger, the two organisations had totally different approaches, it was quite a challenge to form one organisation. This, in his mind, was quite a long time which may have expended a lot of energy and may also have led to reduced identification with the merger. This could have created rumours and demotivation and also reduced performance of individuals within the organisation. The given information is that, with future mergers, the bringing together and forming of one organisation will be the focus and will be done quicker. This is seen as one essential success factor of the integration, in general.

Regarding the integration speed, the Muntberg manager said that, looking back at the integration process, certain things should have been done differently and also more selectively and with a higher speed of integration without losing employees. But he also said: *“Overall I think we could not have integrated faster as we have done it. If we had done, we would have lost a lot of employees. We have done it in a way that we have tried to convince the people, but that takes time. If you get this done, then it is on the heads and people follow. If we would have done it faster, the people would have been forced to do it but with no acceptance. That is not good. Overall I would say that I would have it done in a similar way as I have done it. And we have been successful.”*

Within the interviews, also, the topic of how many things should be done at the same time was mentioned. Across the interviewees, it was the general opinion that fewer activities and a more focused approach would have been better. An example of this is the statement of the Ameracs manager who said: *“A more selective approach (to look at what are the most important topics) would have been the better approach, because you cannot do all the things at the same time.”*

Another very important point which was mentioned was that it is essential for the success of an integration or merger to integrate and motivate the opinion leaders within the organisation as they are a kind of catalyst. It can be dangerous if this is not the case, or, as the Ameracs employee said, *“Opinion leaders create a certain mood if not brought in”*. In this Muntberg integration, the Muntberg manager confirmed: *“Yes we have tried, together with the HR department, to define the employees (opinion leader) that we have to convince. First of all, we had to convince the HR head.”*

It was also mentioned in the interviews that it was quite important to define opinion leaders across the hierarchical levels. Interviewees said that, by doing this, the information was distributed throughout the organisation. Also the level of trust increased, since opinion leaders in their organisational units enjoy a high level of trust. This may have led to an increase in support of their employees for the change to be a success.

A further finding in this category, and this was stated by the management, was that it is quite important for the management to be authentic. The Muntberg manager said that, at the beginning when he started, he was missing the deep trust of his employees. He said that it was essential for him to treat his employees with honesty and respect and also to be open-minded towards

approaches which have been used within Muntberg. This type of trust-based approach may also lead to the success of the merger.

There was common feedback on the question: Do you believe the merger was a success? It was answered by all interviewees with a “yes”. This answer was independent of the person’s function and the organisation to which he belonged before the integration into Muntberg. Regardless of the different estimation and evaluation of factors and activities which happened during the integration, the process and the outcome was seen in general as a success. As a basis for further analysis and for comparison of the results of the Muntberg integration analysis with the other case studies, the most important findings, based on the research evaluation, are shown in Table 5.8.

Table 5.8: Summary of important Muntberg case findings

Be authentic; M+
Define opinion leader; M+
Needed 1.5 years to bring organisations together; M-
Kept things stable at the beginning; M+
Stable management kept value system constant; E+
Hard, limited communication at the beginning; M-
Value-system implementation hardly understood by employees; M-
No clear expectation from both sides; M+
Stronger analysis and differentiation during the integration could avoid a lot of discussions and arguments afterwards; E+
No influence on worker level; E+/-
Opinion leaders create a certain mood if not brought in; E+/-

Frustration has cost energy, business and employees; M-
Without the merger, Ameracs would have closed; E+
Incremental, sequential change, people got encouraged; M+
Change when the organisation is ready; M+/-
Certain things should have been done differently; M-
Be quicker through not losing people; M+

5.4 Case 3 – Ecom Holding GmbH

5.4.1 Information of participating companies

The Ecom Holding GmbH & Co. KG is headquartered in Kirchseeon/Munich and consists of more than 20 subsidiaries divided into two business units: "Industry" and "Communication". Since its formation in 1955, this family business has grown considerably. Today, it is not only the market leader in Germany, but a global player represented in 13 countries. In the business year 2006, the Ecom Group had more than 2,500 employees worldwide and generated a turnover of approximately 350 million euros (Ecom, 2007).

The group produces security and surveillance technology and communications systems. It also offers component engineering and engineering services for the above mentioned product groups and industries.

From 2006 up until now, the Ecom Group expanded its operations in the automotive sector. It not only took over PON's component manufacturer, ACP, in Penzberg, but also the component manufacturer in Gustavsburg, a joint venture between PON and the Ecom Group since 2007. Ecom Komponentenbau, Ecom Presstec, Ecom-Automotive Eislingen and Ecom-

Module Wackersdorf, all taken over recently, represent a major expansion of this sector and make Ecom one of the major suppliers of OEMs in the area of utility vehicles and agricultural machinery. In 2013 it was decided by the Ecom group board to bundle all the automotive activities within the Ecom automotive group. Table 5.9 gives an overview of the participating companies.

Table 5.9: Corporate information Case 3 – Ecom Holding GmbH

	Ecom Holding GmbH	PON AG
Employees:	2,500 (2006)	50,290 (2006)
Revenues:	367 million euro (2006)	13,049 billion euro (2006)
Industry:	Communication, Industry	Commercial vehicles, diesel engines
Products:	Electronics and Electrical Products, Parts for car industry	Trucks, Buses, Two/Four-stroke diesel engines for marine and power plant applications

PON is a leading European motor vehicle, engine and mechanical engineering group with annual sales of around €13 billion (PON, 2007). PON manufactures trucks, buses/coaches, diesel engines and turbo machinery besides providing industrial services. The group has a global workforce of around 50,000. In their respective markets, PON's business areas command foremost positions. PON AG, Munich, is listed in the DAX index of Germany's 30 leading stock corporations.

5.4.2 Respondent overview

Respondents are summarised in Table 5.10. A detailed presentation of the individuals is presented in Appendix 2.

Table 5.10: Respondent overview Case 3 – Ecom Holding GmbH

Respondent overview Case 3 - Ecom Holding GmbH
PON employee (Not active in the integration team) The PON employee was working already 6 years for the PON group when the joint-venture started in 2007.
PON manager (Active in the integration team) The PON manager was employed for several years at PON before the integration activities started.
Ecom group CEO (Not active in the integration team) The Ecom group CEO joined the Ecom group for 45 years.
Ecom manager (Active in the integration team) The Ecom manager joined the Ecom group for 31 years.

5.4.3 Phase 1 (03.2006)

The first phase lasted from March 2006 to September 2007. This phase concerned the negotiation of the joint venture and the general preparation of further activities. The political dimension in this stage was not foreseen in the initial planned timeline. It was reported from the interviewed people, especially the interviewed management, that the joint venture was planned to start on 1 January 2007.

Right from the beginning, this was a very important and significant decision by the PON board. Besides Ecom, another company, an international producer and supplier of commercial trucks, was interested in getting the joint venture. The board decided then to make the joint venture with Ecom. The PON

manager said that he believed the reason for selling the business to her was based more on cultural and soft issues. The PON group had already sold one smaller business unit to Ecom before. The experience with Ecom in that case was very positive. Also, the cultural issue, the fact that the PON headquarters is only 20 kilometres away from the Ecom group headquarters, may have played a role in that context. The evaluation and preparation activities at this stage were not communicated to the union, the employee representatives or the employees in general. The decision to make a joint venture was also triggered by the second biggest customer of the plant in Gustavsburg, Mercedes Benz. As the PON manager said: *"We had the problem at this time when the second big customer (Mercedes Benz) forced PON to reduce their shares at our plant. They said, if this did not happen, they will stop their orders."* This was a strong argument and it was necessary for PON to find an investor and make the step. After the decision of the joint-venture partner was heard by the PON board, the negotiating phase with the joint-venture partner started. The original target was to start the new organisation on 1 January 2007. Therefore the development of the business case and the negotiation with Ecom started immediately after the decisions for Ecom was made by the PON board in autumn 2006. Because of political reasons within the mother company group, where PON partially belonged, the negotiation activities were stopped by the mother company in October 2006. The interviewed PON manager said: *"It was a very hard first phase. Besides the union and employee representatives, we also had the interaction with the mother company."* The reason for mentioning this is that PON tried to take over the Bulgar truck manufacturer which belonged to the mother company at the time. This was on the minds of the mother company board. After the integration activities had been stopped by the mother company

in autumn 2006, the influence of the union and the employee representatives increased again to a very strong level. This shift in the integration also had one positive aspect. It was reported by the PON manager and later CEO of the joint venture that the unions and employee representatives helped to create an advantage and an economic stability for the joint venture. He said: *“Many agreements have been made till we started the merger in 10.2007. The union and employee representatives have helped us afterwards. PON has lost a lot of money because of that.”* This effect worked out later when the world economic crisis in 2008 influenced the joint venture.

One driving concern throughout the whole process and especially in phase 1, when insecurity for the Ecom management was high because of the size of the integration, was whether they were able to make the joint venture a success. The Ecom manager from that organisation, who started his activities in February 2008, said: *“The question within the Ecom group was whether we were able to integrate this huge organisation with its existing organisational structure into the medium-sized enterprise of the Ecom group successfully?”*

Overall, the way in which things were done from the Ecom side in the starting phase were described as positive by the PON employee. The actions of the Ecom management were described by the PON manager as: *“Ecom management acted very professionally and in a sovereign way. They built up a very trusting relationship right from the beginning.”*

5.4.4 Phase 2 (10.2007)

The second phase of the integration was from October 2007 to August 2008. This timeline is described by the PON manager, the CEO of the integrated PON joint venture. The integration itself started on 1 October 2007. This start was 10

months after the initial plan and the delay was caused by the strong influence of the PON mother company, but also by the union and the PON employee representatives. The employees in the merged organisation were very happy when the activities at the joint venture finally started. Everything was planned for the start was planned and the people were ready. The start was very smooth and without surprises. The PON manager said: *"The second phase was running as planned."* Important in that context also was the topic of competences and the knowhow brought into the joint venture when it started. Since Ecom had not as much competence and experience in this automotive supplier business, they had been aware that knowledge of this business would be essential for the success of the joint venture. The PON employees were aware of that competence and the process-based view they had. The participating PON employee said: *"We have brought a lot of impulse into the Ecom group."* This statement was confirmed by the Ecom group CEO. He gave similar information when he said: *"PON brought well-trained employees, as we did. I think that everybody is satisfied with the process."*

At the beginning of the phase 2 activities, the former PON employees were not convinced by the Ecom midsize company. The people felt somehow insecure compared with the stock-listed concern's approach. This insecurity influenced the mood at the first employee meeting where posters with slogans such as "No Ecom" were shown. The Ecom group CEO said: *"The negative mood in the first employee meetings could be changed."* He described the situation at the meeting and said that the employees were clapping hands when the meeting was over. In the presentation the message was conveyed that the employees were the focus of the Ecom organisation. This authentic presentation of the Ecom group CEO perhaps convinced the employees about the Ecom

approach. He also mentioned in this context that *“I think that, after the shock wave with the mid-size company was passed by, the employees have seen that their position was much stronger compared to before.”*

Since there was a cut from the PON group, several functions, processes and systems had to be implemented in phase 2 when the joint venture started. One of the first activities was the implementation of the Ecom group ERP system so that the joint venture could report in the Ecom way. Besides that, several functions had to be built up, which had been previously located at the PON headquarters. The PON employee reported that *“In phase 2 we started to build up the competences like sales, controlling, engineering... which we were missing”*. It was also said by the respondents that they reduced the hierarchical layers. The PON manager said that he had reduced the layers of group managers because he said they were not generating real added value but that it was merely a standard functional approach at the PON group to have these layers. Since they were now a mid-size entrepreneurial company and had to have a close eye on costs, it was not possible to keep these functions. In this context it was also reported that the organisation itself had an independent way of doing things and acting. Several interviewees gave the feedback that, besides the standardised financial reporting and the implementation of the Ecom manager (CFO), the interaction with the Ecom group management was very limited. This was expressed by the PON employee when he said: *“We had in our organisation autarky and... no one from the Ecom holding influenced our approach”*.

It was said by the interviewee that, based on the negative influence on the organisation in phase 1, it was essential for the success of the integration that phase 2 was set up very quickly and that its activities were aligned so that the

approach developed as expected. It was communicated that the start of the joint-venture developed as planned.

5.4.5 Phase 3 (09.2008-10.2011)

The third phase of the Ecom integration was from September 2008 to October 2011. One year after the joint venture started, the world economic crisis hit the organisation.

Within six weeks the order intake was reduced by 65%. Afterwards they had one year where they could generate only 35% of the revenues of a normal year. This was because the vehicle industry was facing an economic crisis. This generated enormous pressure on the company and on the production because of the already small margins within the business. It is not possible to arrange a high amount of fixed costs in a plant with flexible facilities. At this time they had a huge problem to solve. This had not been anticipated at the time they started with the merger activities and integration. It was reported that the employees were sent home to take their overtime hours and this was financially supported by the government with the so-called "Kurzarbeitergeld". This meant that, in cases where working hours were drastically reduced, the government paid out money to about the level of two-thirds of an employee's recent net salary. This measure was intended to help firms through short-term economic difficulties. By doing this, nobody was dismissed while the economic crisis lasted. Besides that, the negotiated contracts with PON also helped to overcome the crisis. It was reported that the fixed costs for the plant were so high that there would have been bankruptcy if they hadn't had a chapter in the contract forcing PON to take over the cost in case of revenue reduction. This was one point which was reported as a positive aspect in phase 1.

The Ecom group CEO summarised phase 3 when he said that *“The economic crisis we have managed also very well. Everybody was supportive”*.

5.4.6 General findings and review of the narrative case analysis

One negative aspect was mentioned in this context. The PON manager mentioned that he was disappointed about the support, communication and expectations of integration into the Ecom group by the Ecom management. He said that there was no clear communication by the Ecom group management on the position of the joint venture and especially on what the planned wishes in the Ecom group would be. Looking back to the process and the general approach of the Ecom group, this seems normal for the Ecom group management as the Ecom group CEO said that, apart from the controlling and reporting system, all units are working in a state of autarky. In terms of the employee approach, it was said by the PON employee that *“The entrepreneurial approach is a continuous topic including several steps”*. Since the way of doing things is a central part of the joint venture’s new corporate culture, it is also stated that this change takes time. The PON manager said that the corporate culture would change over a long time period and was not changed by individuals. One very interesting point reported was that the relationship of the employees was not so much with the company they belonged to, but rather with the plant, Gustavsburg, where they worked. This has to do with the long tradition of the plant at that place. One reason for this is that generations of families have worked here and therefore a certain relationship with that factory does exist.

The question of what could have been done differently was answered by the PON manager when he said: *“The only thing I get in mind which could be done*

differently is that the top management should meet more often to discuss the status and the progress of the integration, the development of the results and the development of the individual initiated projects. We have not started our own integration project, we have treated that together with the daily business."

This means that the decision-making approach in the organisation was stringent and mainly based on facts as reported. All respondents have given similar information on this fact. The Ecom manager, for example, said: *"The decisions for the company development have been always made based on facts. If it comes to organisational or employee-based decisions, the soft facts also play an important role because I have to find out what employees I have."* The information received about the approach fits very well with the overall Ecom cultural and organisational approach.

The topic of employee representation was mentioned several times during interviews with different respondents. The learning in this context was concerned very much with how to involve this group and integrate it into the decision-making and organisational approach supporting the intended activities. As for the employee representation, it was seen at the beginning that the support of the employees and their development increased their motivation and also gave them a feeling of security that the intended employee approach was a supportive one. Nevertheless it needed great efforts by the Ecom management to get the situation solved at the beginning. The Ecom group CEO said: *"We have learned how to manage an organisation with employee representatives."* Also, compared with the mid-size company, the Ecom manager has been quite different in terms of showing concern. His statement said that *"in mid-size companies the focus is much more on the employees compared with the*

concerns". It was also said several times during the interviews that, at the Ecom mid-size company, no cultural aspect existed.

There was common feedback on the question: Do you believe the merger was a success? It was answered by all interviewees with a "yes". This answer was independent of the person's function and organisation they belonged to before their integration into the Ecom group.

The Ecom group CEO said: *"It is a feeling that you are moving something. You bring growth to the company. That was a very satisfying feeling."* This statement was confirmed by the Ecom manager who said: *"I would say the merger was a great success because people now act as an entrepreneur and their identification with the company has very much improved."*

Independent of the different estimations and evaluations of factors and activities, the process and the outcome is seen as a general success. As a basis for further analysis and comparing the results of the Ecom integration analysis with the other case studies, the most important findings, based on the research evaluations, are shown in Table 5.11.

Table 5.11: Summary of important Ecom case findings

PON process and the involvement in decision of joint-venture partner; M-
Mother companies political influence on negotiations; M-
Union and employee-representative influence; E-
Communication in the beginning was not good; E-
Information flow about the plant position within Ecom group; M-
Ecom management acted very professionally and in a sovereign manner; M+
PON brought a lot of impetus into the Ecom group; M+

Management was kept stable, the commercial component was added; M+

Organisation's autarky not influenced; M+

A change in attitude and commitment; M+

Customer recognised that delivery and quality have improved; M+

Improvement in employee engagement and commitment; M+

Discussion of the status and progress of the integration; M-

People at plant more open-minded compared with four years before; E+

Decisions for the company development based on facts; M+

5.5 Case 4 – Lindeman AG

5.5.1 Information of participating companies

Lindeman Chemie AG is a worldwide operating company in the chemical business, founded in 1914. The company is controlled by the Lindeman family who hold more than 50 percent of the shares. The corporation is operating more than 25 production sites in Europe, Asia and the Americas. The biggest production site of Lindeman Chemie AG is the Burghausen plant in the south-east of Bavaria, Germany, with about 10,000 employees. The US headquarters are located at Adrian, Michigan.

Lindeman Chemie AG – divided into 5 divisions – derives most of its products from two main raw materials: silicon and ethylene.

The product range includes silicone rubbers, polymer products such as ethylene vinyl acetate redispersible polymer powder, chemical materials, polysilicon and wafers for the semi-conductor industry. The company sells its products in more than 100 countries.

As of 31 December 2007, Lindeman had 15,044 (Lindeman 2008) employees. Corporate annual sales in 2007 were about 3,781 billion euros (Annual Report 2007). Table 5.12 gives an overview of the participating companies.

Table 5.12: Corporate information Case 4 – Lindeman AG

	Lindeman AG	Pentmarks and Stunton Inc
Employees:	15,044 (2007)	22,000 (2007)
Revenues:	3,781 billion euro (2007)	10,038 billion \$US (2007)
Industry:	Chemicals	Chemicals
Products:	Silicon rubbers, redispersible polymer powder, chemical mapolysilicon and wafers for semi-conductor industry	Atmospheric industrial gases, process and speciality gases, performance materials and chemical intermediates

Pentmarks and Stunton Inc and its subsidiaries serve customers in the industrial, energy, technology and healthcare markets. This company offers a broad portfolio of atmospheric gases, process and speciality gases, performance materials and equipment and services. Geographically diverse, with operations in more than 40 countries, the company has sales of \$10.0 billion (Pentmarks and Stunton, 2008), assets of \$12.7 billion (Pentmarks and Stunton, 2008) and a worldwide workforce of approximately 22,000 (Pentmarks and Stunton, 2008) employees. The company organises its operations into four reportable business segments: merchant gases, tonnage gases, electronics and performance materials and equipment and energy.

5.5.2 Respondent overview

Respondent details are summarised in Table 5.13, with fuller details included in Appendix 2.

Table 5.13: Respondent overview Case 4 – Lindeman AG

Respondent overview Case 4 - Lindeman AG
Pentmarks employee (Not active in the integration team) The Pentmarks employee was working already for more than 20 years for the Pentmarks group when the integration of the Pentmarks joint-venture started in 2008.
Pentmarks manager (Active in the integration team) The Pentmarks manager has worked for Lindeman for more than 20 years.
Lindeman employee (Not active in the integration team) The Lindeman employee joined Lindeman for 25 years.
Lindeman manager (Active in the integration team) The Lindeman manager has been working for Lindeman for more than 20 years when the integration started.

5.5.3 Phase 1 (08.2006)

The first phase lasted from August 2006 to December 2007. This phase started with the communication of the divestiture of the Pentmarks Polymer business unit from Pentmarks. It took about two years to find a buyer and get the business unit sold. This meant that, for this period of time, there was a lot of anxiety and insecurity within the organisation and at the employee level. It was reported by the Pentmarks employee that Pentmarks tried to keep the employees after the divestiture announcement. For them it was quite important to keep the competences in the organisation until the company was finally sold. The Pentmarks employee said: *“After we have been divested, Pentmarks wanted to keep people to ensure the success of the company till it was sold.”*

Since Lindeman had the veto right and the last call in the bid process, they have been very relaxed in the context of the bid and negotiating activities for the joint venture. The Lindeman manager said that *"We have reviewed and evaluated the joint venture. Then we have made a recommendation to the board and they decided. We have got a good price; I would say it was a bargain. Afterwards the contracts have been signed."* It was also stated by the Lindeman manager that they had chosen the best possible timeslot, when the price was at its lowest point, to buy the joint venture. Since, as a minority owner, they had only limited information about the business, customers, products and the organisation itself, it was quite a challenge to make the qualitative and quantitative evaluation. One outcome of the evaluation was that there were two locations existing in the USA. One plant, which already belonged to Lindeman before the merger, was located in Adrian, Michigan. At this plant they produced polymer powders. The other one that came in with the merger was in Allentown, where the joint-venture headquarters were located. They produced liquid polymers. The intention was to generate synergies in the integrated business and therefore the decision was made to close one location and transfer the activities to the other plant. Since the Allentown location was the bigger one, the decision was to close the Lindeman plant. The Lindeman manager said: *"It was also clear that we had to close one of the production plants in the USA after the takeover. This we have done very fast. This was a correct decision, even when it was hard for the employees there"*. The negotiation process was felt to be very stressful by the Pentmarks employees, not only because of the process's long timespan but also because of the very intensive and painful negotiating meetings. It was reported by the Pentmarks employee that *"The negotiating process with Lindeman was very stressful and very long"*.

At the stage when it was clear that the joint venture would be bought from Lindeman, several fears came up at the employee level. One topic which occupied the employees was the question about their organisational set-up within Lindeman. This was a topic insofar as the Pentmarks headquarters were located in Allentown, USA, and the Lindeman headquarter in Munich, Germany. The fear was that there would be a change and a transfer towards Germany. The Pentmarks employee said there was a *"feeling like that was the right place for the business to be, and you know at that point for us it was just then, will they keep us, you know, being in the US, will they keep me in the location I'm in, will they, 'cos they had a location, will they make us move, will they, you know, will they start getting rid of people so at least there was a, a good feeling that it's the right company to be with"*. In the end this did not happen, thereby creating a positive environment for the integrated organisation.

A very negative point was made about a situation in phase 1 when the contracts were negotiated between Lindeman and Pentmarks. The point was about the set-up and the continuation of the existing pension systems for the integrated employees from the USA. Within Lindeman there was a different pension system applied, compared with that of Pentmarks. As a consequence, this created a financial loss for the integrated employees. This was stated several times in the interview with the Pentmarks employee. She said that the *"negative side for me, I mean really the, the main thing was again the pension issue. Um, the financial head of that, I mean it's very hard to accept I worked for Pentmarks by the time we were sold for over 20 years, and, you know, long hours and everything else with a certain, you know, and there'd be times I'd thought to leave, I hadn't left, and so, you know, I felt I'd had a very high level of commitment and then, at that point, to lose that much money"*. Two further

points were mentioned in regard to phase 1. It was said that, for the Pentmarks employees, the negotiation phase was too long. The Pentmarks employee said: *"I would have liked it if they had bought us quicker because the two years was hard but, at the same time, that was the right thing to do for the negotiation, they positioned it properly."* In general, however, the activities done by Lindeman during phase 1 were evaluated very positively by the integrated employees. The Pentmarks employee stated: *"I was happy about the smart people who have bought us."*

The first phase and the way how things were done by Lindeman were evaluated positively overall by the Pentmarks employees.

5.5.4 Phase 2 (01.2008)

The second phase of the integration was from January 2008 to August 2011. This timeline is described by the Pentmarks manager. When the contracts were signed, the expectations of the integrated employees were very high in regard to the integration approach. One of the most important things was the contracts for the new integrated employees from Pentmarks. One very important point in this context was the pension issue for the American employees. In the USA different pension systems are implemented and offered by companies to the employees. With the transfer to Lindeman, the pension system changed and this had a huge influence on the money already paid into the old pension system and also on the sum of money which it had not been possible to transfer to the new pension system offered by Lindeman. This was evaluated negatively by the former Pentmarks manager who said that *"In the beginning, when people transferred over and new contracts to the people were signed, this was negative"*, and also by the Pentmarks employee who said: *"The pension issue*

was negative for me personally.” This very strict approach may also have led to an increase in anxiety at the employee level.

In the employee area, also, things happened. The first thing was that one plant was closed when the merger and integration was started. The former Lindeman plant was closed and its activities transferred to the Allentown location. The former Lindeman employees should therefore have also been transferred to the new location. Some of the people did not want to move, however, and left the company. The Lindeman manager said: *“What was special? Special was that, in the USA, employees have left the company. That was not the Lindeman way.”* Another change for the employees was that the business unit was not located at the Lindeman headquarters in Munich, Germany. It was the first business unit to be located outside headquarters and this was a big change for the integrated employees from the joint venture located at the Burghausen plant in Germany.

The organisation itself was stable from the beginning of the integration. The business unit was integrated as a whole unit into the Lindeman organisation. This gave stability to the organisation and to the employees. The Pentmarks employee said: *“Besides the business unit vice-president change (after three years), we’re not doing other changes, so this was very good at just stabilising things quickly.”* This observation was also confirmed by the other interview respondents. The Pentmarks manager reported that it was *“Very stable and slowly, you know, you will get personnel changes at the second level and after three-and-a-half years BU had changed it and then within a year, the controller and product portfolio manager changed and then you get also in that management team a different dynamic and that was good.”*

The change activities at the beginning of the integration were described as not so perfect. The Pentmarks employee said: *“The change in management was done very insensitively and not right in the beginning”*. This was recognised very quickly by the management responsible and a professional change manager was hired to support the integration activities. As a result of this, both the integration approach and also the communication into the organisation improved. It was confirmed across the interviews that the implementation of a professional change manager into the organisation to support the integration activities improved the integration immensely. The integrated Pentmarks manager said: *“The implemented change manager helped a lot to get the things done with an aspect of the human element”* and the Lindeman manager confirmed this when he said that *“The top-management leadership was in the beginning not so perfect. It improved when the professional change manager was introduced.”*

To summarise phase 2, it can be said that the applied integration approach from Lindeman supported the integration and the commitment of the integrated employees towards the new owner and employer. This was generated by the integration of a professional change manager who led the focus on the treatment and integration of people as human beings. The integrated Pentmarks manager expressed this when he said that *“People felt very quickly integrated because of the open and informal approach”*.

5.5.5 Phase 3 (09.2011-11.2012)

The third phase lasted from September 2011 to November 2012. Nearly two years after the takeover and the start of the integration, the business unit was integrated into the polymers division at Lindeman. The business itself has

developed from a supplier and supportive product group to a fully established, fully integrated and fully respected product and service supplier within Lindeman. It was reported that, after two years, the business-unit approach was changed and further integrated into the organisation. It was reported by the Lindeman manager that *“After two years, the business unit has been changed and the location has also been transferred to Munich after a further time. Now there is also the Lindeman culture implemented into the integrated unit”*.

A further major approach after three-and-a-half years of business integration was the transfer of the business unit from Allentown, USA, to Munich, Germany. As mentioned before, this business unit was, from the start, the first business unit to have its headquarters located outside Germany. With the transfer to Munich three years after the start, the CEO of the business unit was also changed. The former business-unit head was offered another job as Lindeman CEO for the USA. The business unit was then fully integrated with the business division of polymers in Munich. The Lindeman manager said, in this context, that *“For the ‘old’ BU head, they have found a new job in the USA”*. It was reported that the business unit increased in popularity over time. Therefore a lot of employees from Lindeman became curious and wanted to join this business unit. The former Pentmarks manager said: *“The BU gets more and more popular within Lindeman. Therefore we get a lot of job rotation within the BU.”* Since the business prospered and the revenues increased, the job opportunities around the world for this business unit also increased. Also the recognition from other business units increased over time. This was also expressed by the Pentmarks manager who said that *“other parts of Lindeman didn’t notice this BU so well, and I think that is also changing because this BU is now actually quite popular when we have these new jobs, and a lot of people from the other*

divisions are very keen to join because they know there's a, a very big dynamic in this BU, um, that's an enormous success, and it's very international".

During the interviews it was also said that, since the cultural approach within the business unit had developed further and the general approach was uncomplicated and very employee-driven, there was an attempt also to influence the Lindeman cultural approach in general towards becoming a more open cultural approach. This was confirmed by the Pentmarks manager when he said: *"Organisational attitudes... yeah, yeah yeah. Um... because I've always fostered a very open culture of feedback and open discussion in my team meetings, um, that is a typical thing in our BU, for sure in Europe, that is maybe not always so typical within Lindeman. And/or in the other BU. And I think that, uh, absolutely, has been a change, of course this BU culture was not there before the merger."*

The number of interesting jobs within the business unit has also increased over time as the integrated business unit has developed. The Pentmarks manager said: *"They have now more opportunities for job change within Lindeman."* This statement has been confirmed by the former Lindeman manager who could also participate in the new job opportunities. He could make a further step in his professional career development and he said that *"for one year, I have had a totally new job in the scenario planning area. This job is about to forecast developments in the petrochemical industry"*.

Overall, the information during the interviews from all participating parties was that, after five years, the integration of the former Pentmarks joint venture is fully completed and the integrated employees are fully committed towards the new owner, Lindeman.

5.5.6 General findings and review of the narrative case analysis

Those elements of the case which are not linked to a single point in time or to one of the phases described earlier are discussed here.

The change management approach was massively improved when the professional change manager started to work for Lindeman and supported the integration activities. It was communicated and confirmed by all respondents from the two different former organisations that the activities improved when the change manager started this support. In this context, the Pentmarks manager said: *“The change management was supported by its own change specialist.”*

Besides the changes for the integrated employees from Pentmarks and the employees in the USA, there have also been changes at the plant at Burghausen. Since the polymer business became more international because of the integration, and the headquarters of the business unit was located at the beginning in the USA, certain activities and functions have been located outside the Burghausen plant. This then made employees at the Burghausen plant rethink their role and function within the business unit. Some of them had to make a re-orientation and rearrange their personal set-up. The Lindeman manager said, in this context, that *“A change at the Burghausen plant is also recognised. We are not the centre of all activities anymore. Since we have developed into an international company, this has changed.”*

The question of the influence of the integration on the value system of the merged business unit and on the Lindeman group was answered as “No” by the respondents. This is interesting insofar as there may have been overlaps between the different units before the integration.

Since the joint venture existed for nearly 10 years before the integration, certain aspects of both former owners have been implemented in it. Therefore the

influence on both companies has been limited. The Pentmarks employee said: *"The merger had not influenced the company value system."* This was confirmed by the Lindeman manager when he said: *"I think that the merger has not influenced the company's value system. I and we have been influenced but there was not a sustainable change."*

It was reported that, at Pentmarks, the process of hiring new employees and also the employee development process was very much based on the "Myers Briggs"-type indicator approach. The Pentmarks employee said that *"at Pentmarks we did a lot of personality type, you know, Myers Briggs"*. By doing that, she said, right from the beginning they assured that a cultural fit existed between the company and the employee. They tried to arrange for the four letters from the Myers Briggs test to fit together when they developed or hired employees. She said: *"You know, I think Pentmarks hired mostly this. They hired, because they did most, a lot of people in the company, and they knew most people were either ESTJ or an NT."* This approach was mainly applied in the USA.

Overall, the integration has been evaluated as a big success for both the integrated business unit and also the Lindeman group. For the employees, the overall conditions have improved and this was confirmed by the Pentmarks employee when she said: *"Overall, the work conditions, respect and satisfaction have improved, except that they now have to punch the time clock."*

The Pentmarks manager described the development of the business unit and the Lindeman group. He said: *"The merger was a real success. In the last four years we made enormous progress."* He further said that *"If I would do a merger myself, I would copy many things Lindeman has done"*.

Independent of the different estimations and evaluations of factors and activities, the process and the outcome is seen as a general success. As a basis for further analysis and in order to compare the results of the Lindeman AG integration analysis with the other case studies, the most important findings, based on the research evaluation, are shown in Table 5.14.

Table 5.14: Summary of important Lindeman AG case findings

Communication of business divestment two years before business has been sold; E-
Closure of one business-unit production plant in the USA; M-
Fears about convincing Lindeman to keep all bought products; E-
Pension issue for the employees in the USA; E-
7% of the integrated employees had to leave because of the world economic crises; M-
The business unit was not located at the Lindeman headquarters in Munich, Germany; M+/-
Cultural aspects for the former joint-venture employees located in the USA; M-
Cultural topics for the former joint-venture employees located in Germany; M-
The organisation itself was, from the beginning, of the integration stable; M+
A professional change manager was hired; M+
The communication improved over time; M+
Three years after the start, the CEO of the business unit was changed; M+/-
Job opportunities around the world for this business unit also increased; M+
Within the BU, the culture has changed into a culture of feedback & open discussions; M+

After 5 years the employees are fully integrated into the Lindeman organisation; M+

Lindeman usually does a fair amount of analysis before they come to a decision;
M+

Leadership itself was very effective and efficient; E+

Continuous learning; E+

Very good relationship and interworking between management and employees; E+

Career development chances developed for the integrated employees; M+

The merger did not influence the company value system; E+

The Pentmarks employee-hiring process is based on Myers Briggs-type tests; E+

Work conditions, respect and satisfaction have improved; E+

The merger was a real success; M+, E+

5.6 Cross-case analysis

This section discusses the results of the cross-case analysis. It is focused on exploring the elements identified as significant in the research model (Figure 3.6). The section starts by considering organisational aspects, followed by a review of the organisational culture as a summary of the human functional aspects that are presented in the organisational and in the individual perspective. The individual aspects and the process view will be discussed afterwards. The section will end with a presentation of the key finding. The discussion of the key factors across the analysed case studies will help in understanding which aspects are the most essential aspects in making the integration a success.

5.6.1 Organisation

The focus here is on the organisational aspects of the research model (Figure 3.6): communication, leadership, the value system and decision-making.

5.6.1.1 Relationships

The relationship between employees and management has got better across the analysed companies. The relationship between managers and employees becomes increasingly significant during times of organisational instability (Hubbard and Purcell, 2001; Niehoff *et al.*, 2001). The improvements have been confirmed by the interviewed employees from both the integrated and integrating companies.

At Bergman, the reason for this is that there have been no changes in management besides the changes in top management. Therefore it was reported that there was no negative influence in the relationship. The Bergman manager said: *“The relationship between management has not been influenced in our organisation, but at Upstom. We say one of the success factors in the business is that you are close to the business, close to the customers, close to the employees. Our board members visit the plants, are interested in details and want to know about details. At Anglo-Saxon companies the focus is more on financial aspects and less on operational details. This had to be learned at Upstom where the top management is now informed about operational details and has a closer eye on that.”* The management approach from Bergman has influenced relationships with the employees at the former Upstom in a very positive manner.

At the Muntberg merger it was said on one side that the relationship to the top and to the direct management has become looser since the integration and, on

the other side, it was mentioned that, because of the change in leadership style, the relationship had improved. The reason that the relationship became looser was the more complex organisation at Muntberg. The onside management has tried to compensate for this by way of leadership and communication with the employees. This has then led towards an improved relationship between management and employees. In this context, it was also mentioned that this has not influenced the blue-collar employees at the plants.

It was mentioned that, within Lindeman, there always existed a very close interworking. This did not changed either during or after the integration of the Pentmarks joint-venture employees. Since the organisational and personal set-up was constant for the integrated unit during the integration, the change in the relationship was not as big. It was also reported, in this context, that this topic is very much culture- and country-specific. The Lindeman employee said: *“The interworking between management and employees is very country- and country/cultural-specific. It is different in Korea, USA and Germany. But in Burghausen, at the headquarters, there nothing has changed.”*

With the integration of the PON employees at the Gustavsborg plant into the Ecom group, the employees have been in the centre of the company activities. Based on the Ecom company philosophy and approach, the employees are the most important production factor. It was new for the employees to take over responsibility but it was seen from all sides as a very positive approach. The Ecom group CEO said: *“The relationship between management and employees has developed very positively. This was because the employees saw how a mid-size company works and that this is compared to a concern a very entrepreneurial approach where all employees are actively integrated.”*

Additional research has suggested that good employee relations during organisational change increases organisational trust among employees (Nikandrou *et al.*, 2000).

5.6.1.2 Communication

Across the cases, communication was described at the beginning as being poor and insufficient. It has developed and improved over time as the integration took place. The general importance of communication during planned change has already been empirically demonstrated and generally agreed among practitioners (Lewis, 1999). Research has suggested that communication before and after a change increases organisational trust among employees (Nikandrou *et al.*, 2000). Schweiger and Denisi's (1991) study similarly supports the importance of honest and direct communication with employees following a merger. Their findings suggest that mergers have a negative impact on employees and the means by which the organisation communicates with employees directly affects how employees cope with the changing organisational environment. This communication is, to a high degree, initiated and realised by the top, middle and operational management. The level and quality of communication therefore also gives also an indication of the management and leadership quality.

At Bergman, according to the interviewees, it was recognised after a while that the communication and the information flow between the organisation and the employees was not good. As a consequence, employees at the communication office have been changed. The Bergman manager said: *"The need for change in the way of communication was very quickly recognised. Therefore people have been changed in the communication office. Old ones have been kicked out and new, motivated and good ones have been brought in. Bergman has*

recognised that communication is a very useful tool.” Also the integration and support from Boston Consulting in that context has improved the overall communication. The Bergman manager said: “Bergman has learned how to communicate during the integration. They have not been good at communication before. We have been triggered to improve by Boston Consulting. They said that we have to communicate to avoid upcoming rumours in the organisation. If rumours start, it gets dangerous.”

Poorly managed change communication results in rumours and resistance to change, exaggerating the negative aspects of the change (DiFonzo *et al.*, 1994; Smelzer and Zener, 1992). In this sense, effective change communication can be viewed as a means of managing uncertainty properly (DiFonzo and Bordia, 1998). In a subsequent study, employees reported that their worries about job instability were quelled by managers who used communication that was honest, fair and believable (Shield *et al.*, 2002).

Of the Muntberg integration, the Muntberg manager said: *“The communication and treatment of Ameracs employees could have been better in the beginning. So, yes, communication was kind of funny. We had some Muntberg management consultants who supported the change process. They have done several mergers and integrations before. They told us that we had to do town-hall meetings and a lot more other things. We have not done that all.”* The leadership communication afterwards has been seen as effective and efficient by the management. The communication was done, as the Muntberg manager said, *“based on a walking-around approach”*. This means that the onside top management was, besides communicating at meetings, walking around and talking to the people in their organisational units personally. This has created, over time, trust within the organisational units and among their employees.

With the Lindeman integration, the communication has also improved over time. In the beginning it was reported that the communication was not continuous and also not very structured. It was said by the Lindeman manager that, because of the integration of the US organisation, the means of communication had to be changed. He said: *"We have recognised that we have to improve the communication. As said, we were, before the merger, a Bavarian gang. We have met in the cantina and discussed things. Now this did not work anymore."* After they brought in the professional change manager to support the approach, they also improved the communication over time by the integration of an external communications consultant.

The Ecom group applied a more mid-size-company-based communication approach. They didn't bring in a communication manager for the merger, nor a special change manager. Also, they had no consultant support for the integration. They have applied more of a learning-by-doing and root-cause-effect approach. The integrated PON manager said: *"The communication in the beginning was not good. The people who did not join the integration team had only very limited information about the integration activities in phase 1."* He also reported how they tried to overcome this limited information flow: *"The way of communication is also very important. I have trained a lot of employees how to behave in our organisation when it comes to communication. The employees have learned that it is important whom they inform."* In combination with the changed employee integration and the reduced hierarchical layers, the information flow also improved. Shield *et al.*'s (2002) study of a hospital merger revealed that a focus on maintaining psychological contracts throughout a merger has a direct impact on the success of the newly merged organisation. Specifically, the authors found that managers play a crucial role in delivering

information to the lower levels of the organisation and that employee involvement is one way to avoid the potential contract breach that accompanies organisational change. Others have similarly emphasised the importance of contract renegotiation that simultaneously accompanies organisational restructuring (Cartwright and Cooper, 2000).

Why communication is important during organisational change is also demonstrated by the model of the dynamics of planned organisational change (Robertson *et al.*, 1993). Robertson *et al.* state that the change effort is dependent on the ability of the organisation to change the individual behaviour of individual employees. Communication with employees should be an important and integral part of the change efforts and strategies. This means that managers and organisations have to find ways of proving that the change-effort is effective and makes sense. Thus, the weakening of those forces who are against desired change requires a broad array of communication channels, including newsletters, memos, web pages, e-mails, voice-mail messages, letters, videos, large formal meetings and casual conversations. Given that people differ in their ability to understand written and spoken communications, a variety of sources also helps to ensure that employees have a chance to receive information through their preferred medium.

5.6.1.3 Leadership

In general it can be said that the leadership at all analysed companies has improved during the integration of the merged company compared with previously. Hubbard and Purcell (2001) demonstrate that employees develop specific expectations throughout the restructuring process and that managers can play a direct role in whether or not these expectations are met. A study by

Pate *et al.* (2000) finds that “managerial incompetence” leads to decreased satisfaction and that after surviving a major restructuring effort, employees report issues such as commitment. Marks and Mirvis (1992) suggest that managers have to deal with employee needs following a merger.

In the Bergman case it was mentioned that leadership from the management was insufficient. The Upstom manager said: *“The top-management leadership from the Bergman board was not very effective in the beginning. At this point in time the Bergman board was maybe to cooperative to the Upstom colleagues”*.

The reason for that was that, in the beginning, Bergman tried to keep things stable as much as possible. It may be that the support of a consultancy company then changed the approach. Later on it was reported that *“Leadership was characterised by close and efficient ‘straightforward’ coordination. There was direct and fast response in both directions. That has not changed because of the merger, but it was naturally necessary because of the merger.”* Also, the top-management leadership approach changed over time, as the merger took place, into a very open leadership style. It was reported that Bergman also learned at this time a very open way of communication.

In the Muntberg merger, the leadership style changed from a more patriarchal approach at Ameracs to a democratic style with more discussions at Muntberg. The reason for this was that Ameracs was a mid-size company before and was owned by financial investors. While the integration process took place, it was reported that *“The leadership culture has changed from a very direct approach to a more formalistic and process-orientated one”*. It was reported by the Ameracs manager that *“I can say that the CFO provided good leadership if you look at the whole integration time. He tried to implement the things when he felt that it was the right time and the organisation was able to do it.”* In general it

seems quite important to the success of an integration to implement things when the organisation is ready to implement them. Marks and Mirvis (1998) find that the way in which a merger is handled by top management affects both employees' feelings about their jobs and their sense of personal stability.

The influence of cultural differences on the leadership style was mentioned as one of the major topics in the Lindeman case. It was said by the Lindeman employee that *"The leadership style of the Americans is different. It is more formal at Pentmarks and the employees have less freedom to decide, compared with us at Lindeman"*. Carleton (1997) reinforces this possibility through a discussion of a 1992 study by Coopers and Lybrand of 100 failed mergers or acquisitions, indicating that over 80 per cent of the executives acknowledged that different management practices and styles were a primary contributor to integration difficulties.

Leadership was generally described as very effective and efficient. The information provided also stated that changes had not been made too quickly. The Pentmarks employee talked of *"Effective leadership, not making changes too quickly"*. The leadership in the production area was seen differently. The Lindeman production manager said: *"I think that this was maybe easier in my area compared to others: I always say that a production is easier to handle and lead, because the people are more technical, a little like in the army."*

The fact that, from the beginning, there was a trusting relationship between the former PON management and the Ecom group management has very much influenced the leadership of the merger and integration. The PON manager of the Gustavsburg plant was described as a typical leadership person. The employees have been trained to take over responsibility and have an entrepreneurial approach which they did not do before when they belonged to

the PON group. The new applied leadership style also focused on same-level discussions with employees. The PON manager said that they had trained the employees to take over responsibility and to communicate. Studies have shown that managers who use empowerment and job enrichment help to maintain employees' trust in, and loyalty to, the organisation during restructuring (Niehoff *et al.*, 2001). This has led to much better working relationships. The applied leadership style has created very strong interworking and increased the motivation of the employees. The PON manager has described the situation: *"We are, here at the plant, more open-minded compared with three or four years before. We are now totally different people."*

5.6.1.4 Company values

The cross-case analysis has shown that there is a difference in the influence of the merger on the value systems of the integrated and the integrating company. Since the integrating company has a very strong influence on the way things are done in the new integrated organisational unit, its influence on these units is very high. Depending on the organisational size of the integrating company, the influence on it of the integrated company could be more or less. The analysis has shown that, in three out of four integrated companies, the value system has adapted or changed. In the fourth company the value system has not been influenced very much. The reason for this is that a joint venture of the two companies already existed before the integration took place. Therefore the value systems of the two companies were already very much in line.

In the Bergman case, there was a change of value systems for the integrated Upstom employees and also for the Bergman employees. The value system for the Upstom employees changed insofar as, within Bergman, the focus was very

much on financial figures and also on operational topics and performance. The Bergman manager said: *"I would say that the corporate values have changed maybe. This was more at Upstom where they had to recognise that transparency is essential to control and manage such a huge organisation. This means that we have defined performance indicators which we have updated and controlled continuously. This is for sure a very German approach, which has not been very common at Anglo-Saxon companies. Their approach was 'if the business runs well, everything is fine'. We have asked questions like furnace-running times, why market share and price goes down. We need that because, without that, we cannot manage 50 countries."* This was quite new for the employees who used to have the Anglo-Saxon approach. For the Bergman employees, an internal competition started with the integrated Upstom employees. They weren't used to having this, in the past their performance hadn't been in question and therefore for them this was quite a new situation and has influenced the value system.

The Bergman manager said: *"The existing value system has been intensified. This has been created by the internal benchmark with another company which belongs to the same company. The question was what the better process is. The confrontation and challenge for the employees was how to handle this since this was no abstract external benchmark and has real impact on the organisation."* This definition of a value system applies not only to an organisation as a whole but also to distinct sub-units within it. Thus, large, decentralised organisations may possess multiple value systems, or subcultures (Gregory, 1983; Louis, 1985). A strong central value system may mitigate the divisive potential inherent in a multiple-culture situation.

In the Muntberg case it was reported that, before the merger, no value system existed at the Ameracs organisation. The Ameracs employee said: *“Within Ameracs we did not invest in such things as a value system. When we have been owned by a finance investor, we were asked to save money and concentrate on such things.”* A further finding is that the company is now applying a more social approach. It was, for example, pointed out that it had implemented a company kindergarten. This, beside other initiatives, has increased the identification with, and commitment towards, the Muntberg organisation.

For the integrated PON employees, the value system has changed with integration into the Ecom group. The employees are proud to be part of a very entrepreneurial organisation and approach. This was confirmed also by the Ecom manager of the joint venture who said: *“The value system has changed so that you can say that the employees have been encouraged, that in our company it is expected that the employees take over responsibility, act on their own initiative and take over responsibility and are allowed to make mistakes, but the management has to stand behind them.”* The Ecom group CEO said: *“The employee involvement has changed from a very passive approach to an active involvement.”*

Individuals holding these generalised values are more likely to adapt to a prevailing culture (Wiener, 1982). Also very important is the degree of congruency between core values held by prospective members and core organisational values. When the degree of congruency is high, members are more likely to adopt the organisational value system.

5.6.1.5 Decision-making

In the area of decision-making, some very interesting statements were given by the interviewed participants across the analysed cases. There was a common on the key elements which were decided very quickly in order to make the merger and integration successful. It was mentioned that the decisions about the organisational design and the top management positions had to be done very quickly so that the integration process was not blocked or stopped. The consequence is that the level of uncertainty within the organisation, especially at the management level, is lower and also the level and number of rumours within the organisation are reduced. The concentration on the business and customers then also happens earlier and quicker. It was reported that, the more time you need, the more you lose in the operational business.

It was also mentioned that, in the area of decision-making, the companies tried to be objective with the highest level of transparency. They said that they first brought all the required information together to have the necessary transparency and afterwards made the decision. It was also reported that they always tried to involve the relevant parties. This approach was very similar across the analysed cases.

In order to achieve the required speed of decision-making concerning the key elements, it was reported at the Bergman case by the management that *“It gets very hard if you don't avoid allowing a vacuum to arise where even management does not know who will have the lead and, for example, both persons leave the company and you cannot select anymore. You have to be fast, make fast decisions and communicate, communicate, communicate. Only then do you get the change animal to move.”* If you don't get these decisions made very quickly, the Bergman management said that *“The generated effects*

out of it would be that the level of uncertainty within the organisation, especially at the management level, would have been lower and also the level and number of rumours within the organisation would have been reduced. The concentration on the business would also then have been earlier than it was. The more time you need, the more you lose in the operational business.”

In addition, the Muntberg manager said that it was very important to make an open evaluation before things were decided. He said: *“We have always first checked out how things are done here and if it is okay or if we have to change this. Then we have checked out what we have in our backpack. We always tried to replace not so good things with better ones.”* On the need to increase decision speed, he also said: *“Fast decision-making, you had not to ask a lot of places. Sometimes we had to readjust, but most times it was fine.”*

At Lindeman the process of decision-making was also described as effective. They did what is best for the business with a good balance of the business view and the human view. It was mentioned that Lindeman usually does a fair amount of analysis before they come to a decision and they don't take hasty decisions. So that's why the participants thought that things were quite methodological and well based.

At the Ecom case it was mentioned by the respondents that *“The only thing we could have done different when it comes to decision-making is that we could have the integration treated as a separate topic which we have not done.”*

5.6.2 Cultural aspects

The organisational culture is very much driven by, and based on, the summary of the human functional aspects discussed in the organisational and individual perspective. Interesting in this context is that very often huge organisations

focus on different cultural aspects to mid-size and small companies. The cross-case analysis of the four cases has shown that a certain level of common understanding and approach applies within the reviewed companies.

It was mentioned in the interviews that, within the participating analysed companies, there does not exist one single culture across the organisation, especially if the company is acting in different countries and different cultural areas. Rather, there are different subcultures, with a certain level of common company aspects. These subcultures are aligned to local or national specifics and needs. The Bergman manager said, in this context, that *“There does not exist an overall, general and common Bergman culture throughout the world. The basis is the same with local and country-specific adaptation.”*

This definition of a cultural system applies not only to an organisation as a whole but also to distinct sub-units within it. Thus, large, decentralised organisations may possess multiple value systems, or subcultures (Gregory, 1983; Louis, 1985). A strong central value system may mitigate the divisive potential inherent in a multiple-culture situation.

Also discussed was the topic of who creates and implements the culture. The common understanding of that was that the local organisational culture is very much influenced by the local direct management and top management. For example, it was mentioned by the Ameracs manager in the Muntberg case that *“The company culture was driven mainly by the two persons sitting in the driver seat (CEO & CFO)”*. On the question of the corporate culture influencing the merger and the speed of change for that culture, there was a similar view expressed by the participants across the analysed cases. It was mentioned that the corporate culture will stay quite stable once it has been defined and implemented and that it will take time to change these cultures. One interviewee

in the Efcorm case said: *"The corporate culture will change over a long time period and also not from or by individual persons."* This was also confirmed by the Lindeman manager when he said that *"in the beginning, it did not work so well. We had to find things out together. Now, how it worked, after 5 years, with the merger is fine. Now they are fully integrated into the Lindeman organisation."*

To ensure that there is a cultural fit right from the beginning and to avoid additional costs of organisational and cultural readjustment, Bergman did a cultural check of both organisations, the integrated and the integrating, while the integration was taking place. The Bergman manager said: *"We did a 'Cultural Base Line'. With that we have made a questionnaire for managers where we let them evaluate the corporate culture at Upstom and Bergman to compare them. The results out of that were very similar."*

According to Fralicx and Bolster (1997, p. 50), "Cultures can be a make-or-break factor in the merger equation". Cartwright and Cooper (1993) concur that financial benefits anticipated from mergers or acquisitions are often unrealised because of incompatible cultures. The difficulty in modifying cultures becomes quite salient during mergers and acquisitions (Chatterje *et al.*, 1992). While it might be intuitive to conclude that a perfect culture match or a high degree of similarity will present the best post-integration results, there is an argument suggesting that some degree of disagreement on objectives can actually have a positive impact on success expectations (Shanley and Correa, 1992). This is supported by the logic that disagreements based on superior knowledge or experience can contribute to the complementary relationships and consequent synergies enjoyed by the merging firms. While Shanley and Correa posit that

some degree of disagreement is desirable, this should be acknowledged up front and consciously managed throughout the entire process.

In general, this seems a very valid aspect so as to avoid clarification, organisational readjustments and additional costs once a company has been bought or the integration has started. The kind of cultural due diligence in the acquisition phase could help to overcome and solve this question.

A further very interesting aspect has been mentioned in this context. One participant from Lindeman case has reported that, at their business unit - Pentmarks – the process of hiring new employees and also the employee-development process was very much based on the “Myers Briggs”-type indicator approach. The Pentmarks employee said that *“at Pentmarks we did a lot of personality-type, you know, Myers Briggs”*. By doing that, she said, right from the beginning they ensured that a cultural fit existed between the company and the employee. They tried to arrange for the four letters from the Myers Briggs test to fit together when they developed or hired employees. She said: *“You know, I think Pentmarks hired mostly in this way. They either hired when, because they did most, a lot of people in the company and they knew most people were either ESTJ or an NT”*. This approach was mainly applied in the USA in the context of developing a corporate culture and also to ensure that new employees fit with the expectations of the organisation and also fit with the values within the corporate culture.

Cultures are typically an integral part of an organisation. Some researchers suggest that culture is to an organisation what personality is to an individual (e.g. Cartwright and Cooper, 1993). As such, they suggest that cultures serve as forces that draw organisational members together, creating a sense of cohesion. Therefore it seems quite important to have a certain focus on the cultural

evaluation of a company of interest before the merger and also on the cultural fit of new employees in the selection process and before contract signature.

5.6.3 Individual

The individual perspective gives an overview of the influence of the merger and integration activities on the individuals' beliefs, attitudes and value systems. It also shows the influence on the individuals' learning systems. These aspects are the outcomes of the literature review and build the basis for the research performed. They are seen as the most important human functional aspects when it comes to individual cognition and they build the basis for the research. They are seen as important aspects when it comes to drivers of individual behaviour in the context of organisational change and mergers and acquisitions. It is argued by research that individual employees must actually change their values, attitudes and behaviour in order for organisational change to be successful (Cameron and Quinn, 1999).

5.6.3.1 Beliefs, Attitude and Values

The cross-case analysis of the belief system, attitudes and values shows that there have been only minor changes in all three aspects by the participants across the analysed companies.

Overall, it can be said that the analysed individuals' beliefs, attitudes and value systems have been influenced very little by the integrations and mergers completed. This impression was given across the analysed companies. It can further be stated that there may also be a difference in the perceived influence between management and employee level and also between the integrated and integrating employees at the analysed mergers and integrations. Since all three

analysed aspects are developed over a long period of time by the individuals and change very sluggishly, maybe these are the reasons why the influence on the systems was only very limited.

In the Muntberg case, only the integrated Ameracs manager made a statement about an influence on, and change in, his belief system. He said: *"The merger and also the compliance topic has changed my belief system."* This resulted from the very formalistic and consequent compliance approach introduced at Muntberg AG as a result of the compliance case in 2005/2006. That approach was seen as very bureaucratic by the employees of the integrated company.

In the Bergman case, no change in the belief system at the management level was reported. Regarding the influence of the belief system, the integrated Upstom employee said: *"I suppose, if you're looking at personal beliefs, um, it made me think of the bigger picture, not just HR, it made me think about operations, how that fits in with the business, how that was going to impact over with Germany, for example, looking at other areas of the business, how we all actually interact with each other, so it wasn't just trying to be single-minded, it was actually being a bit bigger and thinking out of the box, that is kind of how I sort of took it."* On the other hand, it was also reported that there was a more negative influence on the belief system. The Bergman employee reported that he was astonished at the implemented and applied business-controlling systems at the integrated company. He spoke of *"Bad business management at Upstom. No business performance figures. I could not believe that. There were no standards defined at Upstom. This has changed my belief system totally."*

At the management level of the integrating companies the belief systems were confirmed at two companies. At the Ecom group the group CEO made an interesting statement when he said that his belief system has been influenced

by the merger. This was expressed not by a change but more a kind of influence: *“My belief system has been, of course, influenced by the merger. If you play in the big league in the car industry, that makes you proud. Yes, I believe that I’m the right person for change. If you do a merger, you have to have this capability.”* All the other interviewees reported seeing no change or influence in their belief system. It is also the case at Lindeman AG that the belief system of the merger has not been influenced by the merger and integration of the joint venture. It was reported by the integrated Pentmarks employees that their belief system had been confirmed by the merger. The integrated employee reported that *“The leadership has reinforced a lot of my beliefs and value systems”*.

Regarding attitude, it was reported by the integrated Ameracs employee that he has made a personal development from an in-detail specialist in one certain area to becoming more of a generalist with a broader view and understanding. He said that he had *“changed in attitude from specialist to generalist”*. This happens very often when smaller organisations are integrated into bigger organisations and the scope of employees’ work and responsibility changes.

One further interesting statement was given in this context by the Bergman manager when he said: *“The attitude has been confirmed by this huge merger. We are able to do that.”*

This information is quite similar to the above statement by the Ecom CEO. It gives the impression that the management of the integrating companies are very much focused and have a high level of respect and intention that the integration will be a success.

In two companies, Lindeman AG and Bergman AG, it was reported that there was no influence on the value systems of the participating employees by the

merger. The integrated Ameracs manager was very impressed by the leadership and personal-development concept of Muntberg. He stated: *“The topic of leadership has influenced my value system. This is very important within Muntberg. That is positive. Also the topic of personal development, training. These topics are sometimes not so in focus at small or medium-size companies.”* The Ecom group manager said that his value system has been influenced by the fact that they, as a midsize company, became responsible for such a large number of employees because of the merger. He said: *“My personal value system has been influenced by the fact that we have been responsible for such a number of employees.”*

According to Buono (Buono *et al.*, 1985), characteristics of subjective culture include shared values and beliefs among organisational members. It expresses the values or social ideals and the beliefs that organisation members come to share (Louis, 1980; Siehl & Martin, 1981). To adapt to the ongoing change, the individual has to align or change his or her behaviour, values or frameworks, which prior research has identified as necessary for successful organisational change (Katz and Kahn, 1978; March, 1981; Marshak, 1993; Coghlan, 2000; Sullivan *et al.*, 2002). Therefore it is important to take these aspects into account during mergers and integrations since they have a major impact on the individuals' behaviour and, on a more consolidated level, influence the behaviour of organisational groups and units during the integration.

5.6.3.2 Learning

The learning process was described by all interview participants as continuous across the analysed companies. This is important insofar as a lot of new impressions, information and situations are coming up during the merger for

both sides, the integrated and integrating employees. This collected information may then influence the beliefs and value systems of the individuals over time.

In all cases, a new situation came up for both participating organisations because of the merger. Things are done differently at midsize companies and at huge stock-listed companies. Also, the topic of organisational culture was mentioned in the context of learning. So, for example, it was mentioned that the complexity of Muntberg was hard for the integrated Ameracs employees to understand at the beginning. They had to learn how to adapt to the new environment and the changed responsibilities and approaches. On the other hand, it was mentioned by the integrated PON employees at the plant in Gustavsburg that the entrepreneurial approach from the midsize company, Ecom, was totally different to the approach at the stock-listed PON company. The employees reported that they had to learn how to take over responsibility and act like an entrepreneur. It was generally reported by the mid-size companies that they expected employees to work together and take over responsibility. The Ecom group CEO said in this context: *"I have learned what we did not know as a midsize company before. If you have a joint venture with a stock-listed DAX company, there are functions such as an HR board, a legal department, an economy department and a controlling department. All the topics have to be clarified before the board gives their okay. The eradication of the relevant topics was then done with different departments. We in our midsize company had to do that by ourselves."*

Regarding management and leadership, it was reported that it is quite important to be neutral on the process of evaluation and decision-making. For example, the Bergman manager said: *"I have learned that you have to be transparent and open if you review and analyse processes. Then you have to be structured. It*

does only work if you have a structured approach if you handle a merger of that size. It is quite a challenge that you don't get lost in such a merger dimension. The analysis should be made based on objective criteria, a defined and developed criteria catalogue which the decisions are based on. This is what you learn in such a process." It was also mentioned that it is important continuously to control and review the activities which have to be done and have been done in the context of the integration. It was mentioned by the Bergman manager that *"we have learned from the process that, if you do not control and monitor the progress, you get lost"*.

Another topic mentioned is often underestimated. The involvement of employee representatives and unions in the merger and integration activities was reported as being essential. Especially within the Ecom group, the influence of the PON employee representatives and the union in the merger and integration activities was very strong. The PON manager said, as one example, that *"I have learned a lot in the context of how to treat unions, employee representatives and legal topics, which I did not know before. There is a need for pure factual learning of topics such as negotiating tactics, also to take a certain position within negotiation meetings, which I have not done till that time."*

The statements of the respondents show a strong link between beliefs, attitudes and learning. The interaction between stored belief structures and interpretation has been shown to be critical to understanding how individuals learn (Armenakis and Feild, 1993). The belief structures of individuals and groups automatically treat and shape all new information. Learning is often seen as a purely cognitive process of knowledge acquisition, information distribution, interpretation of information and storing information for future use (organisational memory). In an extensive review of scientific research on emotions, Goleman

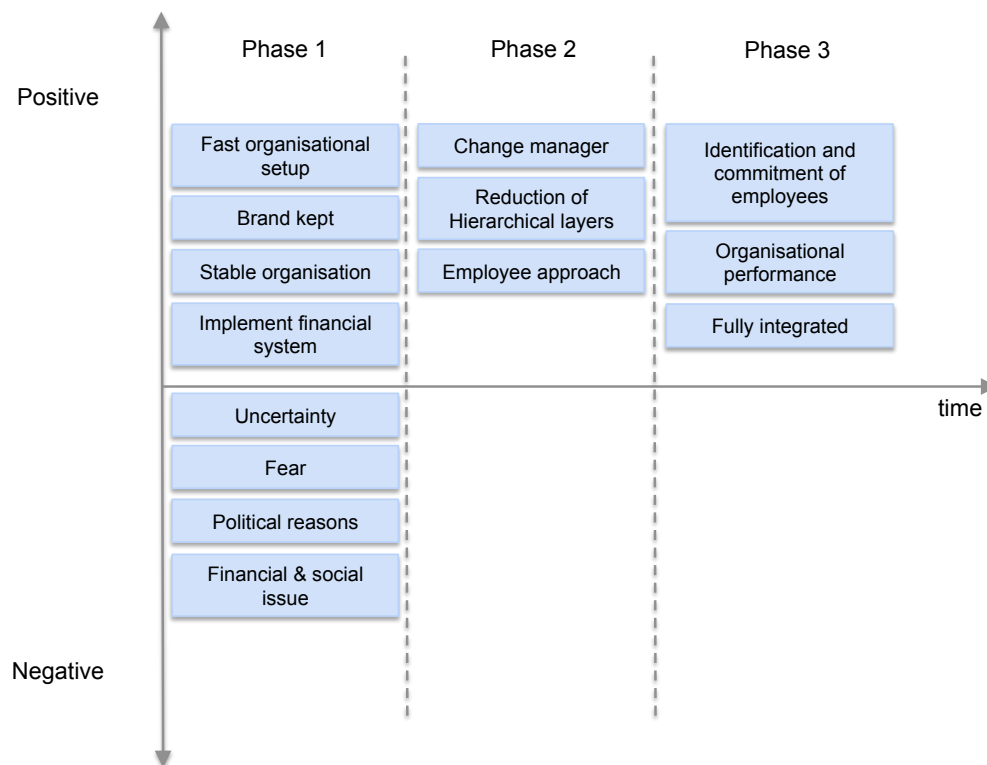
(1996) pointed out the one basic assumption: *“We do not only learn in a cognitive way but we also learn emotional responses that act without our conscious awareness.”* One learning approach based on Huy (1999) is described in the literature chapter 2 and shows the complexity and strong influence of learning on other human functional aspects.

5.6.4 Process

The process view indicates, to a certain degree, the outcomes of the influence of the individual and organisational aspects, discussed before, along the timeline. It shows what effects are generated out of them while the integration activities take place. Figure 5.1 presents major process findings of the analysed for case studies.

Across all these cases, the mergers described in previous chapters were all classified as having three distinctive phases. Whilst the activities in these are reviewed, the character of each phase is distinct from each other. Phase one was largely concerned with the initial set-up activities of the merger and their influence on the individuals in these organisations. The second phase then was externally triggered by the world economic crisis and reflects the activities started after a first reflection of the initiated integrations. The third and final phase presents the generated results and effects of the implemented activities while the merger took place. Furthermore, it also describes the generated effects out of the research model elements which will be presented and reviewed later in this chapter.

Figure 5.1: Major process findings



When it was communicated within the organisations that a merger or sale of the organisational unit would take place, it created fear and uncertainty among the employees. In two cases the integration started right from the beginning of the communication. At one company the negotiating phase with the buyer started and at the other company the search for a buyer started after the announcement took place. In this situation, very often, employees don't know what is coming next and how they will end up in the new organisation. It was reported by the Upstom manager that *"It is the fear of knowing what's going to happen, what's going to come next"*. This statement was confirmed by the Lindeman employee when he said: *"Among the integrated employees a lot of anxiety und insecurity did exist in the beginning. I would not say that this was negative, but very stressful."* In this context people experience anger, anxiety,

fear, happiness, joy, or other emotions related to work or to ongoing change efforts at work. Fineman (1997, p. 13) writes: *"Emotions should be considered not just a by-product or interference to the learning process, but also intrinsic to what is learned, how it is learned and the organisational context in which learning takes place."*

The integration approach chosen will have a major impact on employee perceptions about the proposed union. Hostile takeovers, for example, pose a major threat to an organisation's integrity and identity (Schneider and Dunbar, 1992). It is discovered that integrated employees hope for improved processes, new goals, integration of different functions and the learning of new skills. This is the normal process stage which triggers the change process and creates a certain level of supportive sensitivity within the organisation.

Also, an essential point for the success of the integration seems to be to keep the integrated organisation and also the integrated management stable as far as possible. This was done by all the reviewed organisations. Since there is a certain level of insecurity and fear existing in the organisational unit being integrated, it was reported that, by keeping the integrated organisation and management stable, the acceptance and identification of the integrated employees increased. The Lindeman employee said: *"Among the integrated employees a lot of anxiety und insecurity did exist in the beginning. I would not say that this was negative."* This appearance was reported at all analysed companies by their participating employees. Sinetar (1981) confirms that workers exhibit strong negative reactions upon the announcement of a merger. These reactions range from grief and shock to extreme cases where individuals speak about the merger in terms synonymous with the death of a family member or loved one. The commitment of the employees will increase if the top

management and also the direct management stay in the organisation and are not replaced by managers from the integrating company. In the Lindeman case, the Pentmarks employee said: *“Besides the business-unit vice-president change (after three years), we’re not doing other changes, so this was very good at just stabilising things quickly.”* The Ecom group CEO said in this context: *“We kept the management stable, we just have added in the commercial component. The CFO was placed in from the Ecom group. This was because the controlling process is essential.”*

The integration itself was described across the cases as a top-down approach. It was reported that they designed the new organisation very quickly and defined the first layer, the top management. The manager from Bergman said: *“As long as you have not decided the top management, the organisation will not work.”* In the second step, the question was how to merge into one organisation and optimise on a local base. A common understanding was that this approach had been done very quickly to avoid financial problems caused by missing organisational structure. In the Bergman case, it was reported that they had the feeling that the organisational set-up should have been done quicker. The Bergman manager said that *“things such as how the organisation looks like and also the decision who is in the lead should have been done faster than we did it”*. The generated effects would have been that the level of uncertainty within the organisation, especially at management level, would have been lower. Also, the level and number of rumours within the organisation would have been reduced. Weber (1996) suggests that the anticipated benefits or gains associated with a merger or acquisition are often unrealised because of productivity losses and the traumatic effect of mergers and acquisitions on a firm’s human resources. Problems such as poor utilisation of technology, weak

human resource systems (e.g. appraisal systems) and low employee morale are often intensified as a result of mergers (Walker, 1998).

In this phase, also, social and financial aspects have been mentioned across the cases as influencing the employee's commitment towards, and identification with, the merger and the new owner. One critical negative factor has been the pension-funds reduction for the integrated Pentmarks employees. This, in combination with the additional workload at this stage, led the employees to an increased level of doubt as to whether the merger would be favourable both for the organisation and for themselves.

Also, appreciation of the work approaches of the integrated companies and the organisational units wasn't always given at the beginning. As regards the identification with, and commitment to, the new organisation and also to the new owner, it was reported by the respondents that it was quite important to keep the brand of their organisations. In the Muntberg and also the Bergman case, the brands of the integrated companies have been kept. This has increased acceptance by the integrated employees but also by the customers of the former organisations. The Bergman manager said: *"Our company philosophy is that all market is local. We sell homogeneous mass products, concrete which is delivered up to a distance of 25 km. Therefore we say, if a local brand does exist, we keep it. This is where we differ from our competition. I think that our approach is better since we support more the local identity of the employees."* In the Muntberg case it was very unusual for Muntberg to keep the brand of the integrated company. This was expressed by the Ameracs manager when he said: *"The approach was that Ameracs is a brand, but Muntberg is a much stronger brand. Therefore a lot of Muntberg things had to be done where required."* In the beginning it didn't seem that the Ameracs brand was kept. But

through the intensive support of the responsible top management, the Muntberg manager, it was possible to keep the Ameracs brand. The Ameracs manager said: *“Direct management have fought for the Ameracs brand.”* This often has a huge impact on the organisation and also on the customers.

The treatment of the new employees, as described earlier, in combination with the situational stress for the merged and integrated employees, can develop into a very negative factor regarding support and acceptance of the integrated employees when this is underestimated by the integration management in response. The way power is exercised during the integration of merged or acquired firms can play an important role in shaping the perceptions of organisational members and can also influence the ultimate success of the integration effort. Power exercised to the extent that new rules, procedures or expectations are forced on to the staff members will likely be met with resentment and resistance from these members, resulting in a loss of potential synergies (Marks and Mirvis, 1992).

The political influence at the beginning of a merger or integration is also very often underestimated. It was reported across the cases that there was a strong influence of the unions and the employee representatives on the merger activities. According to German legislation, the integration of these parties right from the beginning is quite essential. In the Ecom case it was reported that the political influence of the unions, the employee representatives and the owner was underestimated by the Ecom management. As a midsize company, they have not been used to that set of circumstances. The misinterpretation of the influence has shifted the start of the integration by 10 months.

In order to get an overview of the performance of the integrating company, the reviewed companies installed ERP and financial reporting systems right at the

beginning. This is important insofar as it is essential to get a financial overview of standardised reporting figures right from the beginning. By installing the system it is possible to discover deviation of planned and actual figures over time. The Ecom manager said: *“One of the first activities was the implementation of the Ecom group ERP system to be able to report in the Ecom way.”* An important factor creating challenges in integrating the operations of two separate firms is the compatibility of the respective business systems (Mirvis, 1985).

The second phase was very much about readjustment and alignment of the initiated activities to make the mergers and integrations a success. Across the analysed case studies, the employee approach has changed from a very passive and formalistic one to a more active and integrated empowerment approach. It was reported that the employees had been seen as organisational capital and it was attempted to fully integrate them into organisational decision-making and working activities wherever possible. The change of employee focus across the cases, putting the employees at the centre of organisational activities, was very new for most of the participating and reviewed cases.

Organisations in transition should encourage employees to contribute their own ideas about what should be done to solve the problems. With this type of engagement, employees are more empowered and involved and thus less cynical toward change (Bommer *et al.*, 2005). Together with an increased understanding of the business case for transition, increased involvement influences employee perceptions that desired change is possible. Other studies have shown that managers who use empowerment and job enrichment help to maintain employees' trust in, and loyalty to, the organisation during restructuring (Niehoff *et al.*, 2001). For the motivation of the employees and for

their identification with the new owner and organisation, this approach is quite supportive when it comes to commitment and sensemaking which will be discussed later. This approach has developed over time and had its main focus in the second phase. For midsize companies this is quite a normal approach, but at huge and stock-listed companies it is not very common.

Also very supportive in this context was the reduction of hierarchical layers in the organisations. Larger organisations, in particular, have lots of functions and organisational units which have very limited or no operational relevance. These more administrative departments and layers also reduce the contact between management and employees. By abolishing these units in the case-study organisations, the intensity of contact between these two groups increased. To improve the relationship between management and employees, the PON manager from the Ecom joint venture said that he had reduced two layers of group managers where they had not generated real added value, although it was a standard functional approach at the PON group to have these layers. By doing this, the distance towards the employee level was reduced. To get the human-capital philosophical change implemented as expected, the whole management has to commit to, and also has to support, the implementation. Therefore the top management at the plant has tried to get the management aligned from the beginning. The strong influence of the management in the organisation was described by this Ecom manager as: *“A manager has a strong influence in the organisation, they are a kind of opinion leader. Therefore you have to take care that this group acts as expected. You have to find them out very fast.”* This factor, among others, has improved the relationship between management and employees.

After the first reflection on the integration activities, it was recognised in all reviewed cases that certain improvements had to be made to ensure that the integration was a success. The root-cause analysis of the reviewed cases revealed a need for a professional change manager, an integration project team or the support of a consultancy company to improve certain aspects which were not covered as expected. Three of the four analysed companies had either installed a professional change manager or had got the support of a consultancy company. Only the Ecom group did neither. The reason may have been that, in this midsize company, a very entrepreneurial approach was applied, where these kind of topics were done by the manager personally and professional support was seen as unnecessary. In spite of the attention that the management of change has received, organisations continue to have problems in managing organisational change and “the search for generalised laws of change still pervades the discipline” (Wilson, 1992). There is a gap between what the rational-linear change-management approach prescribes and what change agents do. Change agents must prepare employees for change through open, honest communication. Armenakis *et al.* (1993, p. 683) explain that “creating readiness involves proactive attempts by a change agent to influence beliefs, attitudes, intentions and ultimately the behaviours of a change target”. For example, Buchanan and Boddy (1992) list competencies of effective change agents as clarity of specifying goals, team-building activities, communication skills, negotiation skills and “influencing skills” to gain commitment to goals. As one example, the communication approach had big gaps and did not support the information flow towards the employees to get the required support for the integration from them. The Pentmarks employee said: *“The change in management was done very insensitively and not right at the*

beginning.” This was recognised very quickly by the responsible management and a professional change manager was hired to support the integration activities. From that point on, it was reported that the integration activities and also the communication improved very much. By taking care of these points and the issues discovered through the developed research-model elements, the identification and commitment from the employees in all four analysed case studies has sustainably improved.

Phase three was, in general, taking care of the final consolidation of both companies and developing a common understanding of, and commitment to, work procedures, company values and basic cultural rules. In the Muntberg case it was reported that the identification of the Ameracs employees at this phase was still Ameracs. This, in general, was known and accepted by the management and has also been reported in the Ecom case. The Muntberg CFO said: *“The identification is still Ameracs. People would say they are Ameracs people instead of Muntberg people, they would say we are Ameracs, belonging to Muntberg. That is okay. That we keep because, for us, a positive identification is very important.”* It was said that the employees are nowadays much more integrated in decisions and can bring their own opinions into the approach. Overall, the integration has been described as very successful by all interviewed participants. It was confirmed by all participating interviewees that the integration had been a success when the case interviews were done in autumn 2013. After six years of integration, the Ecom group CEO said: *“From my point of view, the people are now satisfied. I was for sure sceptical if we will get this merger somehow successfully integrated. I would say it did work out and was a success.”* This was confirmed by organisational development and also by the financial figures of the integrated unit.

5.6.5 Key factors and aspects

The generated key factors and aspects are an additional summary of the individual, organisational and process-based findings of cross-case analysis done. Based on the analysis of the four researched case studies, they are seen as major topics in addition to those mentioned earlier with it being essential to take account of factors before and during the integration activities. By doing this, the analysis has shown that the researched case studies ended up as successes. Table 5.15 gives an overview of identified key factors of the analysed four case studies.

Table 5.15: Key factors of analysed case studies

Opinion leader
Cultural-baseline management
MBTI test based on values
Bonus programme for integration team
Sequential and smooth transition
People in the production did not feel it
Management leadership check

5.6.5.1 Opinion leader

To get the support of the employees quickly throughout the integrated organisations, it is quite important to get the management at all levels of the organisation in line. The strong influence of the management on the organisation was described by this CFO as follows: “A *manager has a strong*

influence on the organisation, they are a kind of opinion leader. Therefore you have to take care that this group acts as expected. You have to find them out very fast.”

It is also important in this context to discover the opinion leaders in the organisation since they have a very strong influence on the organisation and the employees. It was mentioned that, if one opinion leader is saying something, it is like law and people will follow and they could not believe that. Therefore it is very important for them to identify the opinion leaders in the organisation and to take them into account right from the beginning. The phenomenon of emotional contagion (i.e. the transfer of emotion from one person to another), or mirroring, has recently been discussed (Bartel and Saavedra, 2000). When people interact, emotions are spread. People in groups "catch" emotions from one another, especially from persons who have a strong acceptance within the group. The more cohesive the group, the stronger is the sharing of emotions and emotional history (Goleman *et al.*, 2001).

5.6.5.2 Cultural-baseline management

To avoid cultural clashes, it seems essential to make a cultural estimation of the integrating and integrated company right at the beginning. In the Bergman case, such an evaluation was made at the beginning to find out if there are similarities and deviations in the organisational and cultural set-up of both organisations. The Bergman manager said: *“We did a ‘cultural baseline’ management questionnaire where we compared the two cultures.”* If such an approach was done in the due-diligence phase, it could be decided at a very early stage if an integration could make sense in the context of value system, organisational approach, leadership and cultural fit. This could help to improve the success

rate of integrations in general. Cartwright and Cooper (1993) suggest that the dismal success rate of mergers and acquisitions can be attributed to incompatible cultures. In addition, they posit that culture fit is just as important as structural fit in the analysis and evaluation of potential partners. Weber (1996) further acknowledges that culture fit is important, but poorly defined in mergers and acquisitions. Despite evidence suggesting the importance of culture fit in the success of mergers and acquisitions, Carleton (1997) confesses no knowledge of firms deploying a comprehensive culture-fit audit as a component of their due diligence. Based on research cited thus far, however, it is logical to surmise that the success rate of mergers or acquisitions could be enhanced through incorporating cultural compatibility into the identification, evaluation, assessment and selection of potential partners. Therefore it seems quite important to further develop this approach in the research-model conception and the management recommendation.

5.6.5.3 MBTI test based on values

To get new employees and management who fit into the corporate values and the organisational culture system, it is essential that the right people are hired. In the Bergman case, it was reported that, through the application of the Myers Briggs indicator test, the rate of hiring people who do not fit the organisation was reduced. This system was applied very much at the former Pentmarks organisation. The Pentmarks employee said: *“To get the best performance out of people, they had a lot of focus on that Myers Briggs. And you know, trying to make it part of the corporate culture that, you know, everybody’s equal.”*

5.6.5.4 Bonus programme for integration team

In the Bergman case, it was reported that a bonus system for members of the integration-project team was installed. Since the integration team members had a huge workload in the integration phase and the Bergman top management wanted to reward the support, they developed a bonus programme for the integration-project team members. The progress of the bonus programme was followed up. The Bergman manager said: *“We had a huge focus on the integration success, not on the fulfilment of the milestones but on the influence on the profit and loss. We controlled if the success was realised, the acquisition and integration, yes, but I suppose that is just quite important.”* The installation of such a system can help to increase the motivation and sensemaking of the integration team members and further help to increase the success rate of the integration.

The change agent should focus on the factors guiding the choice of a given change effort in comparison with other possible courses of action. In the context of the merger, this means that a project and process plan, including roles, responsibilities, activities, milestones, easy wins and time-frames, has to be established. Efficacy is the third component and expresses confidence in the organisation's ability to implement the change successfully. The change target should have confidence in their ability to implement the change successfully.

5.6.5.5 Sequential and smooth transition

The integrations themselves have been smooth across the analysed cases. The respondents said that it was a continuous, sequential and very smooth transition. The Upstom manager said *“things happen slowly enough that it did not really realise that things happened”*. In combination with an installed controlling and reporting system for the integration process, this ensured that all

planned aspects and activities were done in time. It further helped that the management did not lose the overview of the integration.

5.6.5.6 People in the production did not feel it

From all participating respondents across the analysed cases, it has been reported that the employees in the workshops and plants had not felt the impact of the integrations. As one example of this, the Upstom manager said: *“People in the operations did not really feel it. It did not matter to them who owns them really. Apart from their sharesave and their shares, nothing affected them. They were still being paid.”* This was also confirmed by the Ameracs employee in the Muntberg case, who said there was *“no influence on the employer level”*.

Previous studies provide a lot of evidence as to how the organisational members (e.g. Buono and Bowditch, 1989), including the managers (Datta, 1991; Cartwright and Cooper, 1993; Greenwood *et al.*, 1994), are bound to cultures and value systems in the outcome of acquisitions. This organisational identity may defy levels of social stratification, leaving groups as disparate as top management and shop workers sharing a very similar view on certain issues. In related research, Chatterje *et al.* (1992) suggest that integration in acquisitions involving conglomerate corporations is likely to be limited to the planning and financial systems. They also state that other departments or divisions will remain independent and, therefore, will likely remain unaffected by the other organisation's culture. Chatterje *et al.* contrast this to related mergers or acquisitions that are likely to experience a higher degree of cultural integration as a result of the firms' desires to create synergies between the two companies.

5.6.5.7 Management leadership check

To improve the leadership and also to ensure that the right manager and leader are in place, in the Ecom case the management did a management leadership check. This was a standardised evaluation of active management. The PON manager said: *"We are scanning the management at the moment to find out if the management is already working on our new employee-focused approach or if they are still working in the old PON modus."* Applying such an evaluation could further help to increase the success rate of the integration.

In this context it was also reported that it is very important that the management is authentic. Since the management and leader are representing the organisation towards the employees, the fact of bad and dishonest management should not be underestimated. To ensure the commitment and identification of the employees, it is important that the management acts in a trustworthy and authentic manner. The Muntberg manager said: *"In times of insecurity you need authentic management."* Employees reported, in a study by Shield, that their worries about job instability were put to rest by managers who used communication that was honest, fair and believable (Shield *et al.*, 2002). Other researchers adopt a similar approach to Armenakis and Bedian (1999) with 5 key message components, placing strong emphasis on honest, open communication by the change agents (Galpin, 1996; Judson, 1991).

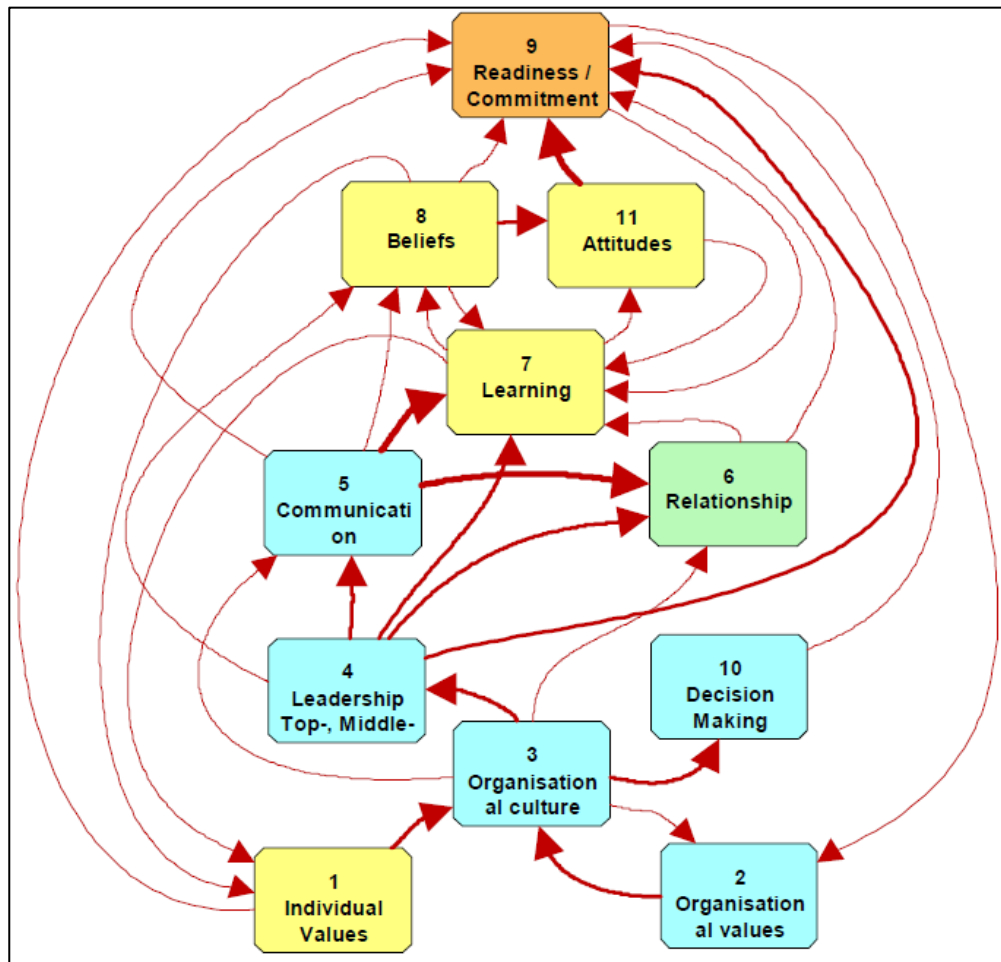
Forming one organisational unit out of two organisations is a very time-consuming approach. In the Muntberg case it was mentioned by the CFO that it took 1½ years to bring the two organisations together. Since the two organisations had totally different approaches before the merger, it was quite a challenge to form one organisation. The team-building approach within the new integrated organisation was also a quite intensive and lasting activity. It was in

this context that the Muntberg manager said: *“Implement when the organisation is ready!”* It is now believed that both approaches may be an integral part of any large-scale change initiative, wherein change leaders may begin with a planned approach and then progress towards a more emergent approach in response to contextual factors or vice versa (Burnes, 1996; Beer and Nohria, 2000; Hughes, 2006). Organisational change processes are always dependent on the situation, unpredictable and non-linear, which is a result of people’s understanding and sensemaking processes (Balogun and Johnson, 2005).

5.7 Revised human functional research model

Based on the findings in the discussion of the researched human functional aspects, the initial developed research model has to be updated. It is important to mention in this context that the researched aspects can be clustered into two groups, the influencing and influenced elements. Figure 5.2 shows the unweighted influence flow of the analysed human functional aspects. The links shown are based on the given information and feedback from the respondents given during the interviews. The chosen colour structure in Figure 5.2 reflects the level of influence and alignment towards the three defined groups. The applied approach is similar to the developed conceptual model of human factors shown in Figure 3.6. The yellow colour elements show the researched individuals, while the blue coloured ones give an impression of the elements with origins in the organisation. The green group reflects the elements belonging to both groups, the organisation and the individuals from the organisation.

Figure 5.2: Influence flowchart – influence on and by researched aspects



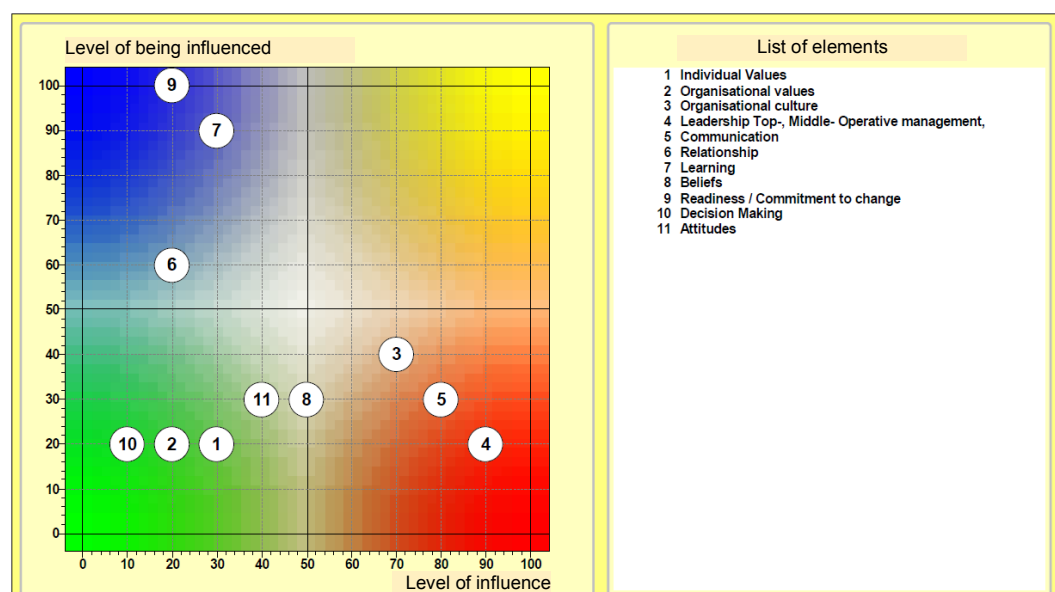
The top of the chart presents the individuals' readiness to change, their commitment to the change element and identification with the on-going change activity. This element also indicates the complexity of interactions and the influence of the human functional elements in stimulating individuals in the context of mergers and acquisitions. It is important to mention that the flow analysis has uncovered that the influence on individuals' readiness to change is not limited to the direct, 1st-order influence of the elements. The simulation over time has shown that an influence on the elements even in the 5th order does exist. Therefore an extension of the influence analysis and interpretation of the term "influence" itself is necessary.

The developed human functional harmonics in the influence flowchart analysis show a holistic approach to cover all harmonics of process and outcome influence of the reviewed merger and acquisition cases. The approach is important insofar as it reflects the influence of the reviewed human functional elements on a holistic basis so as to draw a full picture of the influence itself.

In analogy to waves in tones, the harmonics of the analysed human functional elements have been defined. The harmonics of a wave are component frequencies of the signal, an integer multiple of the fundamental frequency. A property of the harmonics is that they are all periodic to the fundamental or basic frequency. As multiples of the fundamental frequency, successive harmonics can be found by repeatedly adding the fundamental frequency. In the context of the reviewed influence process analysis, this means that it is necessary to integrate all direct and indirect influence levels to be able to generate sufficient evidence in order to identify the perceived occasions and interactions.

The analysis contains three aspects included in the analysis. The influence flowchart, shown in Figure 5.2, indicates the relationships between the analysed human functional elements. The basis for the analysis is the four descriptive case-study analyses and the cross-case analysis. They delivered the information for the relationships and the interaction of the included human functional elements. Also, the strength of the relations is based on these analyses and on the findings drawn from them. The second aspect is covered by Figure 5.3. This figure shows the list of elements on the right side and the influence matrix on the left. The important areas in the figure are the left upper quadrant and the right lower quadrant, whereby the left upper side includes the elements that are most influenced by other researched human functional elements and the right lower side includes elements that have a strong influence on other elements. The figure shows that number 9, the readiness for and commitment to change, is the element with the strongest first-order influence of 10. This is shown in the influence matrix in Figure 5.4.

Figure 5.3: Influence chart – influence on and by researched aspects



This element is followed by the element number 7, learning. On the other side is the element number 4, leadership top-, middle-, operative management, the element with the strongest influence on other elements with a rate of 9. This element is followed by communication, with 8, and organisational culture with a rate of 7. This means that, before and during the integration, there should be a huge focus on these aspects.

Figure 5.4: Influence matrix of researched aspects

Influence from / to	1	2	3	4	5	6	7	8	9	10	11	S.o.i.
1. Individual Values			2						1			3
2. Organisational values			2									2
3. Organisational culture		1		2	1	1				2		7
4. Leadership Top-, Middle- Operative					2	2	2	1	2			9
5. Communication						3	3	1	1			8
6. Relationship							1		1			2
7. Learning	1							1			1	3
8. Beliefs	1						1		1		2	5
9. Readiness / Commitment to change		1					1					2
10. Decision Making									1			1
11. Attitudes							1		3			4
Sum of being influenced	2	2	4	2	3	6	9	3	10	2	3	

As already discussed in the leadership section above, leadership is one of the most critical elements for the success of the merger and integration process.

The learning aspect is the most influenced element within the research model. This means that the learning of the individual person is continuously influenced by a number of aspects. The outcome of the learning then influences the beliefs and attitudes of the individuals and influences very much their readiness to change, which is essential for the successful integration of a company.

The organisational culture is, to a certain degree, influencing the expected leadership style, the communication and also the relationship between

management and employees. The behaviour of the management at this point is reflected on the culture and value system of the organisation.

By taking the influence-flow analysis of the researched human functional elements one step further, the complexity of influences, not seen in the 1st-order analysis, are uncovered. There are three different step-based analyses provided. The first analysis presented is the “Individual readiness/commitment influence approach”. This analysis contains four analysis steps, shown in Figure 5.5 through to figure 5.8, and show that even elements such as organisational values are influencing the commitment and readiness of individuals towards the change presented by mergers and acquisitions in the third analysis step.

The result of this analysis shows that a deeper development of understanding of the interaction and influence of the reviewed human functional elements is necessary in order to generate the anticipated successful results of merger-and-acquisition change initiatives.

Figure 5.5: Individual readiness/commitment influence approach_Step 1

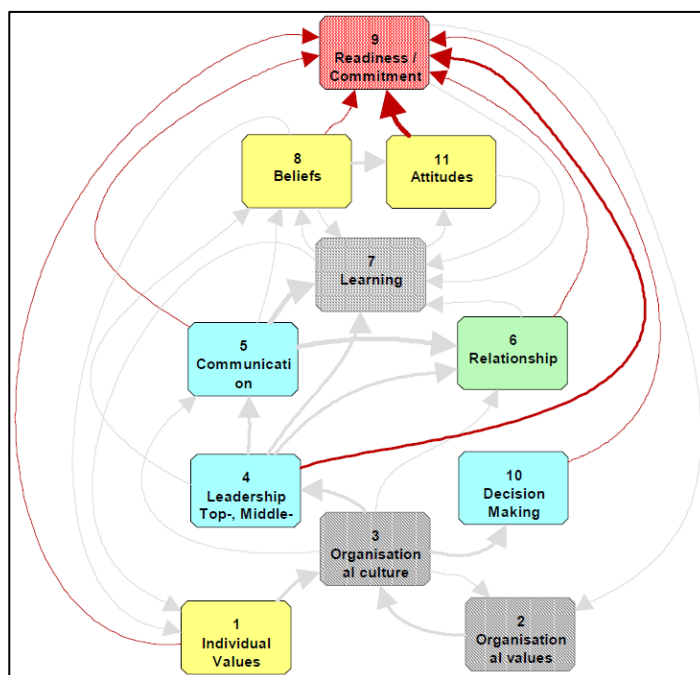


Figure 5.6: Individual readiness/commitment influence approach_Step 2

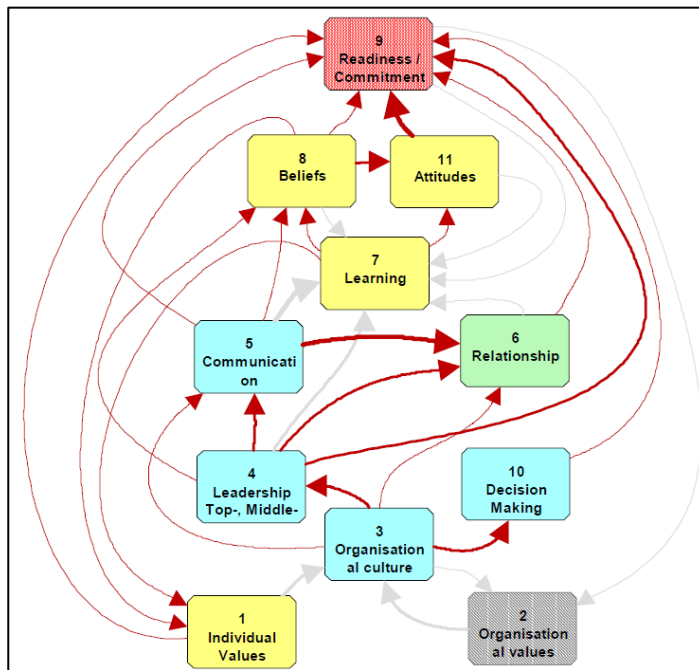


Figure 5.7: Individual readiness/commitment influence approach_Step 3

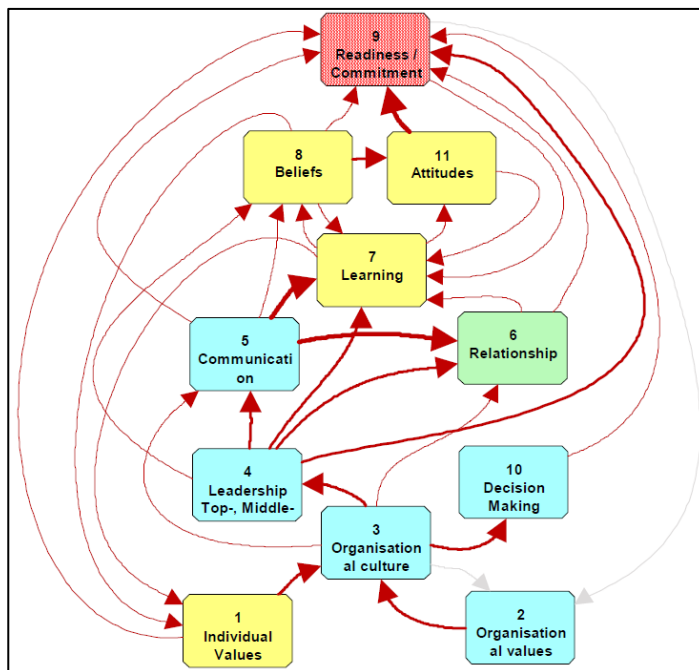
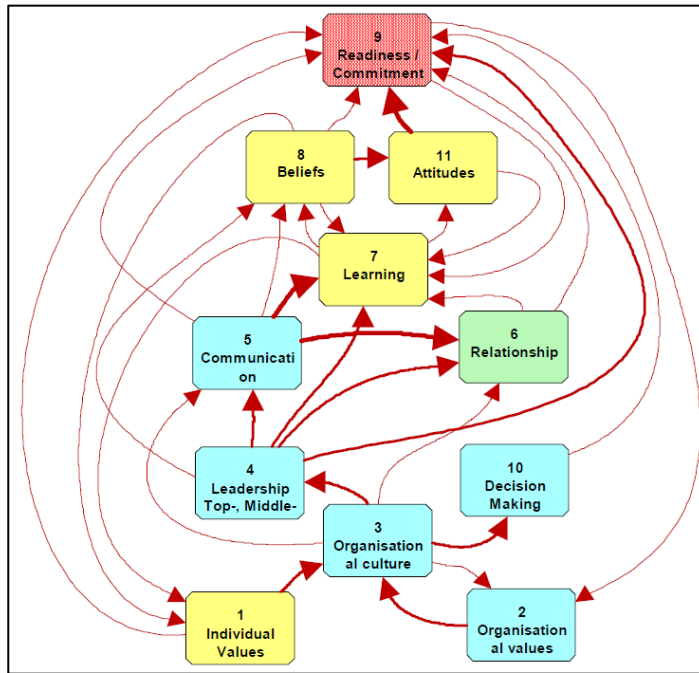


Figure 5.8: Individual readiness/commitment influence approach_Step 4



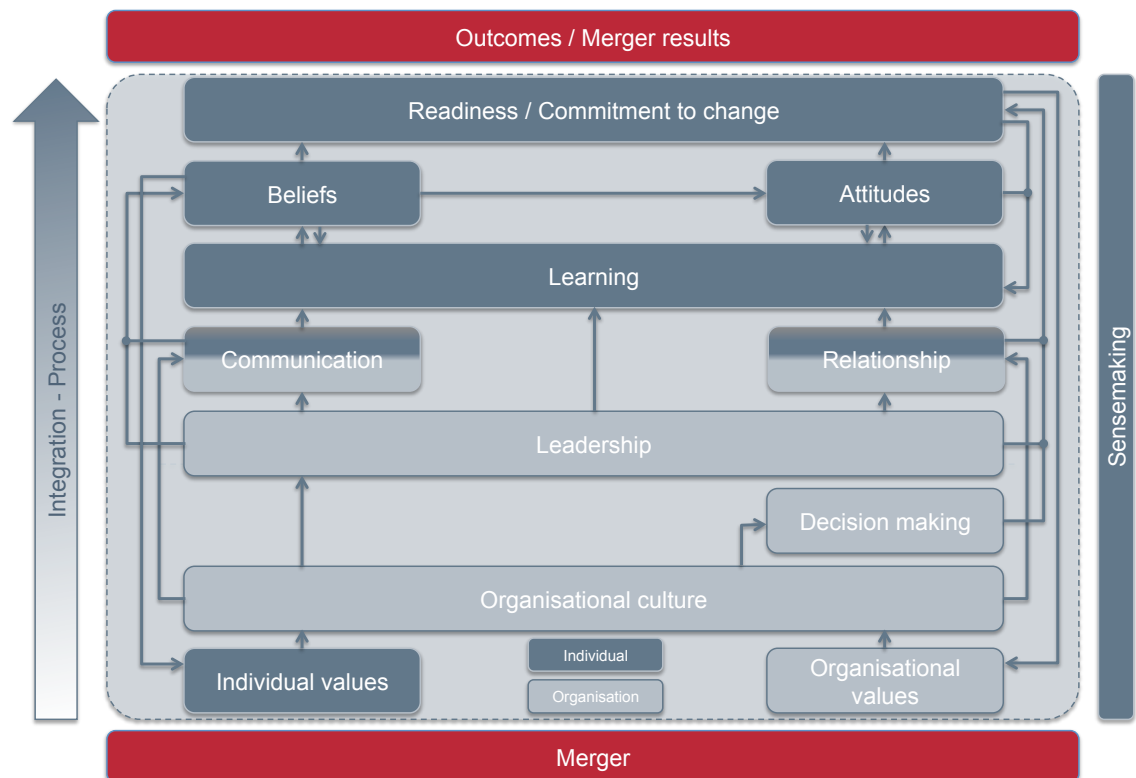
This statement and finding is further supported by the completed influence analysis of the human functional element, with the strongest influence level being the “leadership of top-, middle, and operational management” and “communication”. These analyses are presented in Appendix 10 and Appendix 11 and show that a strong influence exists even in the 4th or 5th order.

This shows that, in the mid- and long term, merger and acquisition activities must have a focus on elements that are not in direct contact with other elements.

The findings in this chapter suggest that it is necessary to update the initially developed conceptual model of human functional factors impacting on the process and outcome of mergers and acquisitions, shown in Figure 3.6. The approach is similar to the development and creation of the initial model. The updates are based on the 1st-order influence of the created “influence flowchart”, shown in Figure 5.2, where the focus is on the direct influence and interaction of

the organisational and individual human functional elements. Figure 5.9 shows the updates in the revised conceptual human functional research model.

Figure 5.9: Research model based on case analysis



5.8 Summary

This chapter has presented the descriptive analysis of the four reviewed case studies. Based on this, a cross-case analysis has been developed and this has uncovered unique and similar aspects across the four case studies. The findings, then, have been implemented as a frame for the development and simulation of influences and interactions between the reviewed human functional aspects and the impact on individual readiness and commitment to the intended and realised merger-and-acquisitions change process. As a result

of the analysis and simulations done in this chapter, the initially developed conceptual model of human functional factors has been updated.

The sensemaking analysis of the participating individuals in Chapter 6 will further develop and support the findings in this chapter.

6 Sensemaking

6.1 Introduction and Structure of the chapter

The purpose of this chapter is to give an overview of how change happened to the employees and of how they made sense of the situations in the case studies. The literature-review chapter presented sensemaking as an important element influencing how individuals behave and react when it comes to change. The key to a successful merger and integration is how employees make sense of this change. Variations in organisational structures and outcomes are created through employees' interactions and interpretations (Barley, 1986). The process by which a particular social reality is enacted through such interactions and interpretations is called sensemaking (Weick, 1995). Sensemaking focuses on "placing items into frameworks, redressing surprise, constructing meaning, interacting in pursuit of mutual understanding, and patterning" (Weick, 1995, p. 6). Weick (2000, p. 238) describes emergent organisational change as "laid down by choices made on the front line" and characterises change and sensemaking as closely related, stating that upcoming change can be fostered by an organisational culture that values people and their contributions. The process of sensemaking in upcoming and ongoing change is focused on employees' choices and actions in relation to existing and emergent frames.

The focus of this analysis is the influence of the merger and integration activities on the employees of the integrated companies. Three of the interviewees had already been managers before the integration and two of them had been members of the integration team. One person was on the employee level before and during the merger and was not actively involved in the integration activities.

The generated findings show how the process of sensemaking took place at the individual level in a given situation, how this person behaved and reacted and how he or she made sense of what had happened. In addition, the link between the sensemaking process of the individual towards the merger-and-integration process has been reviewed and has uncovered very valuable results. Important also are the generated results in this chapter in terms of discovering whether a link exists to the findings and discussion in the previous chapter.

Table 6.1: Overview of Chapter 6

6.1 – Introduction and structure of the chapter
6.2 – Bergman AG
6.3 – Muntberg AG
6.4 – Efcom GmbH
6.5 – Lindeman AG
6.6 – Cross-case analysis
6.7 – Chapter summary

6.2 Bergman AG

In the context of sensemaking a very interesting finding has been generated out of the Upstom data. The participating Upstom manager joined the Upstom company about 15 years before the merger took place. She was HR director for business-line products at Upstom in the UK. The participating employee joined Upstom a couple of years before the merger took place. She was working in the

HR department at Upstom, together with the manager who was her leader at that time. The findings generated from the two interviewed participants uncovered several similarities in the context of sensemaking.

On the employee level, the commitment towards Upstom and their direct management was very high. The employee was working at the Upstom HR department in different functions, with and for the Upstom HR manager for aggregates, as mentioned above. She was not actively involved in the integration activities and did not join the integration team.

There were similar impressions as the merger was communicated across the organisation. The Upstom manager said: *"It is the fear of not knowing what's going to happen, what's going to come next."* The statement of the employee in this context was very similar: *"At the time, for me, I had very mixed feelings. I was sort of, if you like, very anxious at the time."* Weick (1990) demonstrates the importance of organisational shocks in initiating a sensemaking event and of interlocking behaviours and structure on making sense of situations. It is stated by Shrivastava (1987) that individuals engage in sensemaking not only in order to figure out what to do next, but also to deal with the anxiety and fear that may accompany the experience. In research by Salem (2008), it is described that uncertainty, a lack of information, and a sense that there were few opportunities to reduce uncertainty, were common themes in all the organisational change studies he has reviewed. In all the reviewed cases, the announcement of the mergers, in combination with a lack of information, created confusion and fear on the part of the employees.

Since both interviewees had worked for a long period of time for Upstom before the merger took place, there was a strong influence on the individual sensemaking process as they had a strong commitment towards Upstom, as

mentioned in Section 5.2. It was reported that they had a strong binding and identification with Upstom, as the Upstom manager said: *"I mean I was incredibly loyal to Upstom when I was there because of my number of years of service, it just carried through when Bergman came along, they did not change our company name."* This relates to research by Maitlis and Sonenshein (2010), in which they identify identity as an important type of shared meaning that often surfaces in sensemaking research about crises and change. It is also seen as a construct that scholars more generally think is crucial for sensemaking (Weick, 1995).

This affected the sensemaking as shown by the way in which both interviewees stated that they wanted to stay with Upstom and the new owner, Bergman, but what they each wanted to get out of the merger was different. While the manager's target was to get the position of HR head for Bergman UK, the employee said: *"I would say the merger hasn't had such an impact on me to make me say I'm leaving this job, I have to go, it's not like that at all, and I suppose, at the outset, when the merger took place, it was very much actually I'm gonna stay here 'cos I can see different opportunities."* She further stated in this context: *"I suppose, from my perspective, it was very much I want to keep my job, does this mean we've got better opportunities in the business, does this mean we're gonna have a bigger HR function or a centralised one and what's gonna happen?"*

The intentions of the Upstom manager during the merger made much sense from her point of view because she was following one target. To get this job at the end of the merger, she was taking on a lot of additional workload beside her regular job that she was doing while she was also a member of the integration team. She said *"...and we were doing this all on top of our day job so we*

worked long hours". In addition to this, she also said this caused a lot of stress for half-a-year for her whole family since she had to travel continually to London. At this time she had young children. She was very strongly involved in several project activities where she was in contact with the Bergman board members and also the Bergman HR head. By doing this, she had the chance to build up the network in the new organisation and become known by the decision-maker, which was one of her aims. Working with the Bergman HR head was very important for her: *"For me personally, it was very good because I was known by him."* Therefore she accepted the additional personnel workload and stress. Organisational members actively create the reality they inhabit, upon which they predicate future action (Weick, 1979). So, for her, the merger-and-integration activity made sense in order to help her to secure a future for her within the Bergman organisation. Here engagement worked out very well. As she said, it was *"...for me positive, as I said, I got the top job of HR in the UK"*.

On the other hand, the Upstom employee's hope was to get more of an international function as a result of the merger. She also wanted to gain a broader understanding of the business in general. So her intention, then, was to generate a more "businesslike" understanding of the business compared with her earlier role and function at Upstom. To generate sense out of the merger and to support her defined aim, she concentrated very much on her personal role but she also wanted to generate for herself a greater business understanding as a result of the merger. She said: *"I think the change in my behaviour was I actually became more focused on my job role, what I was doing, where I was going. Um, so I guess it affected me in the bigger picture of a career-development opportunity."* In doing so, she focused on creating a

higher acceptance of HR in the operational units by creating added value for them. Her statement on this was: *“I think it affected me by becoming more business-minded, if you like, and I think it’s affected me to be more focused on what jobs are there and what can we do, how can we add value to the business, how can HR have a bit more of a business rather than always sitting out on the sidelines and waiting for people to come to us saying ‘we’ve got a problem, help’.”* This approach made sense in terms of the targets she wanted to generate out of the merger for her personally.

She has been promoted to become an HR adviser for Upstom building products, with responsible for the entire UK. This was a much bigger role with much more responsibility and interaction with the German Bergman headquarters. She was very excited about this and said: *“I was just solely Upstom aggregates for two regions and I suddenly because Upstom building products across the UK. So it was a much bigger job role. So that, for me, was a positive because that meant, as far as I was aware, job security, a new challenge and also a development for me.”*

The sensemaking analysis of Bergman shows that a high level of commitment and loyalty towards a company can influence the basis of individuals’ decisions whether to stay or to leave a company because of an upcoming merger and integration. The combination of high company binding – in this case the employees wanting to stay with Upstom – and uncertainty at the beginning of the integration activities have motivated the employees towards high engagement and support of the integration in order to achieve their individual sensemaking targets in that context. In the narrative case description in Section 5.2, the topic of communication was also mentioned as an important aspect in persuading the employees to “buy in” and support the M&A activities. This

finding is also supported by Goodman and Truss (2004). They state that, in organisational change, communication is recognised as a critical tool to inform, create understanding and change people's attitudes and behaviour.

It also shows that, in a merger, different aims can initiate different personal and behavioural approaches and that these can result in similar outcomes, in this case job promotion.

6.3 Muntberg AG

Very interesting findings have been generated out of the data obtained from the Ameracs manager and the Ameracs employee in the context of sensemaking. The manager was employed at Ameracs AG before the integration activities started. He was responsible for the controlling and accounting department and for the treasury activities. While the merger took place, he was promoted to CFO at Gerston AG, a 100% subsidiary of Ameracs Holdings GmbH.

At the time of the takeover, the employee was responsible for the corporate financing activities at Ameracs AG. When the integration process started, he was asked to take care of the financing processes within the new, integrated Ameracs AG. Afterwards he was promoted to become service head of the Ameracs operational business.

For both participants, their feelings, their motivation and their commitment towards Muntberg changed a lot, and in both directions, while the merger took place. At the end, for them, the merger and integration of Ameracs AG into Muntberg AG made sense.

In the beginning, when the merger was announced and the integration started, the Ameracs manager, was shocked. He said this was because, normally in the

case of a takeover, the CFO and the accounting heads of the integrated company were substituted. At this point, he was the accounting head at Ameracs. He was frustrated, he said, because *"I saw myself as a loser of that transaction"*. On the other hand, the manager from Muntberg and the assigned CFO for the integrated company said: *"For me, it was the right timing for the integration, it was a very interesting task to fulfil. I could bring into the merger a lot of experience."* This shows that, even at the management level, the feelings were very different in the beginning, depending on what company their employees came from. This could have created certain feelings and tensions among the integrated employees in the beginning. A further negative influence on the sensemaking was that there was no appreciation for the things which had been done at Ameracs before the merger with Muntberg. This further increased the negative personal emotions about the Muntberg integration for the Ameracs manager. The Ameracs employee has confirmed this statement. He said: *"The negative impressions in the beginning was the first treatment, mainly not from the leadership team. This was more from the different department who came to review how we have done our job and if this is in line with the Muntberg way of doing things. They have been quite arrogant, did not appreciate how we have done it in the past. This was very negative for me."* In addition, he also felt very insecure within the new and huge Muntberg organisation because of the job he was in. He was convinced that he could easily be replaced. Then the Muntberg manager asked him if he would like to gain more insight into the Muntberg organisation and if he would like to take care of the financial processes in their organisation. He accepted the offer and had a readjustment of his sensemaking from this point on. He was encouraged in his decision by the fact that his former Ameracs CEO was still joining the

company: *"I believe that this gave a more secure feeling for the employees. The employees can then better handle the situation if there are certain constant elements in the beginning of the integration. This helped me a lot."*

As stated by Salem (2008), organisational change will disrupt organisational identities and members want to know what they will become and what the unit, division, or organisation will become. In this context, the Ameracs manager said: *"The question was in what direction it will develop personally, because it was clear that a different person could do what I have done at that time and I could get replaced. That was a very bad feeling at that time."*

This example of the Ameracs manager's sensemaking of his personal situation in this change situation is underscored by Weick's (Weick *et al.*, 2005) assertion that disruptions in routine processes require individuals to make sense of what is occurring now and to consider what should be done next (Boudes and Laroche, 2009). Mills *et al.* (2010) also said that we rely on past experiences to interpret current events. Thus, sensemaking is a comparative process. In the case of the Ameracs manager, he compared his personal situation with previous M&A activities where the CFO of the integrated organisation had been replaced.

At this time he started to apply for jobs at other companies as a consequence of the situational development in the organisation and his sensemaking and he received the offer of an interview for a job at BenQ.

As a result of the original situation, the manager said: *"The first consequence was that I realised that I could not further keep my job."* The situation was not easy for a lot of the integrated management. Some of them then left the company, including the direct management of the Ameracs manager. This situation further reduced the personal sensemaking for him. He said: *"My direct*

manager, the former CFO, has left the company. For me it was then double hard: New organisation, new direct management, new culture and in mind that I would be the next who has to go or leave the company. Therefore you are checking the job situation on the market.” So, based on the given situation, he then decided to leave the company. But then, after half-a-year, when the integration started, he got the offer of the CEO position at the Ameracs daughter company. He said: *“I was already gone when I got the offer with Gerston. Therefore, if I look back, I have to say that everything went well and right.”* His new direct management was the Muntberg manager who was located at the Ameracs plant and who also led the integration. This was also the first time they had worked together and it was not so easy. He said: *“With the direct management (Muntberg manager), it was at the beginning quite hard, because we had a different understanding (Muntberg/Ameracs) of how to manage and lead. But we worked it out.”* He further said: *“Me and my direct management had to learn how to work together. Both cultures (Ameracs/Muntberg) had been totally different. My direct management had to learn that the topic of Ameracs culture was more important than was thought at the beginning of the merger activities.”*

There is evidence that managers may have substantial reservations of their own regarding organisational changes (Hubbard and Purcell, 2001). Managers may find themselves in the difficult position of needing to provide detailed and accurate information to their employees, while simultaneously struggling to absorb and contend with the information they are provided (Hubbard and Purcell, 2001). As a result, the role of manager in an organisational-change initiative is maybe in a conflicting situation. Managers are not only responsible for supporting direct reports with information and stabilising them emotionally

throughout the change process, but they may also be confronted with their own reservations regarding the changes taking place. Managers may therefore feel obliged to take care of their employees, while simultaneously feeling the need to receive encouragement from top management as well. Managers play a substantial role in employees' post-merger coping processes. Therefore it is very important that they, as opinion leaders and people with a strong influence on others, are strongly integrated into change initiatives from the beginning to avoid feeling and getting lost. The commitment towards Muntberg and also the sensemaking for him have improved over the time: *"Over time it has got better, but it took time till I realised this merger has also many good things."* Very positive was fact that the employees of the integrated company saw the financial stability of Muntberg. This was not the case when a financial investor owned them. Also, the personal development and career possibilities at Muntberg were much better compared with Ameracs. He said: *"The personal development possibilities and that training topic has increased."* Overall, the integration for him made sense, not only because of his personal development in the context of the integration but also because of the organisational stability at Ameracs since the merger took place.

The employee also confirmed that the merger-and-integration process, and also his personal development as a result of that, have made sense for him: *"For me personally, the merger was very effective and efficient. How it was done made a lot of sense for me."* In support of this was the statement on his personal reflection and the appreciation of the management of his performance in his job. This improved his self-confidence which can be badly affected in a new environment with new organisation and management, as was the situation at the beginning of this reviewed case. His statement in this context was: *"No, I believe*

if I review the whole integration process and my personal development over time, in the two-and-a-half years where I was working as compliance officer that the management trusted me to be able to handle change and offer a good performance.”

To summarise the Muntberg case, it can be noted that there is little binding of the employees to Ameracs and Muntberg. The reason for this is that both employees did not very long work for Ameracs before the merger started. As discussed in the Bergman case, this seems to have an influence on the definition and evaluation of alternatives in order to help the sensemaking of individuals in the early stage of change initiatives. This case also shows that the evaluation of the actual situation of the employees is based on experience of previous change activities, the given personal situation and the personal targets of the individuals in the context of the merger. Important is the cognition that the sensemaking process has a certain dynamic and that decisions which have been made at a certain point in time can be revised when the basic change conditions change. In this case, the employees decided by themselves to leave the company. Then they were offered a job and they then adapted their sensemaking and stayed with the company.

6.4 Ecom GmbH

The sensemaking analysis of the organisational integration into the Ecom group is focused on the integrated PON employees and particularly on the PON manager who was working for several years at PON as plant manager at the Gustavsburg plant and on one employee not actively joining the integration activities. The manager actively joined the integration team. The reviewed PON

employee had already been working for 6 years for the PON group when the joint venture started in 2007. He had joined PON in 2001. In the first years he was responsible for factory planning and did not join the integration activities.

The manager got an assignment from the PON board to sell the plant and find a buyer. His company-evaluation process was based on a catalogue of hard-fact criteria. His proposal was that the best buyer was an international automotive company, located in the Americas, looking to expand their business into Europe. After his presentation to the PON board, the decision went against his recommendation. The information why this was done by the board was not directly given to him. So, at this point in time, he had a lot of questions and felt that he was not understood by the board when he made his proposal. Also he could not understand the reason why his proposal was rejected. He noted several times during the interview that he was irritated and didn't see any sense in how the decision was made: *"In general, I would say that the decision that Ecom would make the deal was not right, based on the factual criteria."*

A further aspect supporting the tendency of negative sensemaking by the PON manager at this phase was that they had only very limited information about their position within the Ecom group. The PON manager said that there was no information given about their role and function. He was asking himself the question whether they were organisational unit number 20 or 22 within the group or if they had a certain specific role. Because of this missing information, he felt a little lost at the beginning when the integration activities started. On the other hand, he had reported that he felt well supported in his thinking and his way of doing things by the Ecom group management. He gave the information that, right from the beginning, when he did the negotiation with the Ecom top management, he had a very good feeling about the relationship with the Ecom

group: *"I had from the beginning a very trusting relationship with the Ecom management."* It is important in this context is to mention that, while employees look to their managers to give sense to change mandates, managers themselves struggle for understanding (Gioia & Chittipeddi, 1991).

Regarding expectations of the merger, the PON employee focused on his treatment by the new owner and his personal development. His statement on this was: *"The expectation from me was to be treated fair and to get a chance to support and create added value in the new organisation. The trigger, therefore, was the meaning of life, the chance to develop personally further and a part of that is, for sure, the professional development."* Also important in this context was for him to find his role and his own position in the new organisation. He described his personal feelings and emotions at the beginning: *"What emotions has the merger generated? On the one side, hope, and on the other side, fear. It is fact that you will move into a new terrain and you don't know how this will end up. Nobody knows how this will develop Also Ecom is a midsize company and not an international concern who had a broad product portfolio. That was a kind of uncertainty."* Very supportive for his personal sensemaking development regarding the merger was his treatment by, and the actions of, the Ecom management. They generated a positive mood of change. One example of this was the engagement of the Ecom top management in the early integration phase. The PON employee said: *"In phase 1, where the negotiations were in focus, the Ecom holding management was joining our Christmas party and they made a speech where they tried to take away the anxiety and gave the feeling of trust to the employees."* This positively influenced the commitment towards Ecom for himself and others. Lüscher and Lewis (2008) state that managers must also communicate their understandings, particularly in the midst

of organisational change, in a way that provides their employees with a workable certainty. Such “sense-giving” seeks to influence subordinates’ interpretations (Maitlis, 2005).

The PON manager further gave the information that, reviewing the whole integration process, he felt a lot of personal stress but also fun. As a responsible top manager for the plant within a new company with a very different cultural and operational approach compared with PON, he could create a lot of things that he wasn’t able to do in his old company. With the start of the joint venture in October 2007, he had increased responsibility. He said that he had an *“increased personal overall responsibility because of a missing CFO in the beginning”*. Since the organisation was outside the standardised Ecom controlling system, in a position of total autarky and just measured by figures, the joint-venture top management had total freedom to create their activities and leadership on site. The PON manager said, in this context, that there was *“personal job enrichment and development as a nucleus for the change”*. He also mentioned, in this context, that *“I also could realise my personal wishes and expectations of my career development”*.

Because of the results of the integration process into the Ecom group, the PON manager was promoted to the next level of management within the group. The Ecom group CEO reported that the generated results in the human capital area and the consequent financial results were reasons for the promotion. The PON manager said: *“I have taken over an additional responsibility. Since 01.07.2013 I’m responsible in the Ecom automotive group for the production activities at all 7 plants.”* He was able to make sense of the merger because the initiated activities from the joint-venture management and his personal engagement paid

off and make sense. He therefore said: *“For me, the merger was a success for all the persons and parties involved in the process.”*

For the reviewed PON employee, the merger and integration into the Ecom group also made sense. The integrated entrepreneurial approach from Ecom and also the treatment and interaction with employees convinced him and also positively influenced his sensemaking approach: *“I believe that the approach to enable employees and work groups to act on their own and the transfer of responsibility to them is the right approach.”*

The employee approach shows how important is the integration of employees in the change process. Bordia *et al.* (2004) emphasise that, if employees have been involved in the change process, they will also feel more in control of the result. The influence of top management on individuals in organisations in the context of change has been researched by a group of scholars. Gioia's research on strategic change emphasises top-management sensemaking (Gioia and Chittipeddi, 1991; Gioia *et al.*, 1994; Gioia and Thomas, 1996). This brings into focus how top managers not only make sense of the external environment to formulate change strategies, but equally importantly, how they influence the subordinates' construction of meaning through sense-giving.

Promotion into a new job, then, fully convinced the PON employee that not only the integration approach, but also his personal development and the appreciation of his work done, did make sense for him. Therefore, for him, the merger did make sense and was a success. He said: *“For me, I feel that the merger was positive for me personally and for my career development. I have not had a stop in the career development. The opposite happened. The new job and the new function is a good option and allows me to support the whole Ecom group.”*

To summarise the sensemaking analyses of the Ecom case study, it can be stated that the trust-building of the new owner in the early beginning supported the sensemaking approach of the employees in reducing feelings of insecurity and anxiety which exist at the beginning of an integration activity among integrated employees. Also, the treatment of the employees, for example when employees take over responsibility in an entrepreneurial way, helps to influence the individual sensemaking in a positive way.

6.5 Lindeman AG

The sensemaking analysis of the organisational integration into the Lindeman group is focused on the integrated Pentmarks business-unit employees and particularly on the Pentmarks manager who was the managing director for Pentmarks polymers located in Germany and on the employee who was working previously as market manager in the US for the joint venture. Both employees had already worked for a long time for Pentmarks and also for the joint venture before the merger activities started. The personal company commitment and psychological binding was high for both employees.

At the beginning, when the employee received the information that the joint venture would be sold to and integrated by Lindeman, the employee was happy. The reason for this was that the communication of the divestment from Pentmarks and the search for a buyer took nearly two years. This created a lot of demotivation and anxiety among the employees. The Pentmarks employee also felt a huge level of anxiety and insecurity at this time when Pentmarks communicated news of the divestment. She said: *"Yeah, I mean how the merger affected me, as I was saying earlier, um, I felt extremely stressed*

because, um, as I said, my husband works for Pentmarks, I have three children and at the time, you know, one was starting high school which is a very bad time to move a child, because of the pension system at Pentmarks and the golden handcuffs that they put on you, and there was no way we could move my husband, so depending how the merger went, I didn't, you know, I didn't know how I'd get another good job, because I couldn't leave the area and so, you know, I thought I would probably be commuting long distances or I don't know what, at the same time I needed to replace the income." For the Pentmarks manager, the announcement of the merger did not create fear or anxiety. He had already had experience of mergers and integrations: *"So for me, uh, it was the third time I would say big change."* Therefore he knew how things would run and what was coming up.

Mills (2000) mentions that individuals are driven by plausibility rather than accuracy in the context of sensemaking. This means that we do not rely on the accuracy of our perceptions when we make sense of an event. Instead, we look for cues that make our sensemaking seem plausible. In doing so, we may distort or eliminate what is accurate and potentially rely on faulty decision-making in determining what is right or wrong. This property may also contribute to the inconsistency of sensemaking among organisational members, as shown in the situational interpretations above. Berry (2001) points out that explanations of organisational behaviour may not be consistent across hierarchical levels within an organisation, or among different stakeholder groups, as one action may have a variety of explanations. This reflects a situation where different meanings may emerge as plausible for different groups within an organisation in relation to a common action, policy or event. For Weick (1995), sensemaking is a process that is simultaneously on-going and

retrospective, such that it cannot be divorced from actors' "lived experience". This means that the sensemaking position can change while the integration takes place and the individual experience further develops. Therefore the information that the company was sold was very good information for stabilising the organisation and increasing the motivation of the employee.

Another point that supported the feelings of the employee was that she was negotiating with the Lindeman colleagues the transfer prices for their products when working for the joint venture as market manager. She said: *"I was happy about the smart people who have bought us."* The Pentmarks manager confirmed this when he said: *"I thought there was a lot of effort taken to welcome us, to try to bring us in, um, as I said, you know, with this kind of workshops to discuss whole topics, uh, to have a lot of personal interaction, um, because I had my boss sitting in the US, I had, uh, monthly updates here with the divisional president, so I had thought that that really, uh, was a very strong signal of, you know, the interest to embrace and, um, get settled, you know."* By doing this kind of communication and integration from the early beginning, Lindeman created commitment and motivation among the new employees and this also positively influenced the individual sensemaking.

One negative issue came up in the beginning when the new employee contracts were signed. The changed pension approach from Lindeman, compared with that of Pentmarks, led to a financial pension loss for a lot of employees and for the market manager. She was very disappointed and made the following statement: *"The pension issue was negative for me personally."* When the integration into Lindeman started, a lot of work had to be done by the employees in addition to their regular work. Also the self-positioning in the new

organisation was important to generate the expected acceptance and establish the basis for self-development in the new organisation.

The cultural differences in managing a German organisation, compared with an American one, also had a positive influence on the Pentmarks manager. He described it as follows: *“And I, for me, it has made a big change because, after I’d say adaptation of a period of certainly a year, I guess, I much more appreciate now the German, or I say the Lindeman, the Lindeman long-term thinking, the strategic, patient way of doing things compared with the quarterly-results short-term American orientation.”* On the other hand, he lost his independence to some degree since he was now fully integrated into the organisation in Germany. He said: *“If you then go back into a German multinational, that also sits on the same continent, then you immediately get into all the, yeah, the existing processes and rules, and that was, of course, for me personally, a big change to go back into the matrix, and all the rules.”* This has influenced his working behaviour, but overall it was seen as positive for his personal sensemaking since he was now fully integrated into the social and business interaction of Lindeman. As stated by Salem (2008), change will disrupt organisational identities and members want to know what they will become and what the unit, division, or organisation will become. Without early and continuous communication that builds global and shared identification, members will resort to the older, more local and independent identities.

It was reported that, at this time, the personal workload and also the stress level was very huge. The Pentmarks employee said: *“The merger affected me very much, I felt extremely stressed.”* She also said that she was used to taking part in a lot of sport to compensate for the work and family stress and to reload the batteries. When the divesture was communicated to the employees, she

worked like hell to keep the business successful and to start the integration into a new organisation successfully. Therefore she disregarded her sporting activities and consequently felt unhealthy and out of balance. She said that she recognised a lower personal performance. To change these circumstances, she said that she had to make a *“personal adjustment, because I really felt like way too much was dumped on to me”*. She accepted this limitation of her personal and social life in order to realise her personal target, the next step in her personal development. In this regard, the Pentmarks employee said: *“In the end, the change did me good. I will always now be more careful with my health.”* At the time when the divestiture from Pentmarks was communicated, she had already worked for Pentmarks for 20 years and her commitment to Pentmarks was very high. When Pentmarks announced the sale of the business unit to Lindeman, she was a bit disoriented. She said: *“In the beginning I felt foolish, but it has changed back. I’m very loyal to Lindeman now.”*

In order to promote leadership, the information was given that the personal belief and value system has been confirmed by the applied leadership approach at Lindeman. It was described that the work ethic and the way people had been treated had confirmed the personal sensemaking in that context. The Pentmarks employee said that *“the leadership has reinforced a lot of my beliefs and value system”*. Overall, the information was given that she felt very much supported within the Lindeman organisation: *“I feel secure within Lindeman because they value people.”*

To strengthen employees’ willingness to accept the new, employees should have sufficient intellectual understanding not only of what is changing, but also of why the changes are being made and how those changes will contribute to

both business and personal success (Marks & DeMeuse, 2003). The leadership, as in this case, plays an important role in getting the employees prepared for the change and also in creating the supportive mind-set in the organisation to make the change a success.

The motivation generated from the leadership towards the employees was expressed by the Pentmarks manager when he said: *“Yeah, I think there was also an attitude to say well, let’s try and, let’s not resist, but try to go with the new rules and then see how we best deal with it.”*

Overall the change and integration activity into Lindeman AG made sense for the Pentmarks employee since she was promoted and now has a new job as a strategic coding manager which is an overall improvement for her in many aspects. This was the target she was working for and she had to accept the burden of a lot of inconvenience to reach it. She said: *“For me personally, the job I have is much better. I mean level-wise and responsibility-wise, and even I would say that the satisfaction has increased because of the interest level in my job, you know compared with my old job years ago in Pentmarks.”* Therefore all she has done was right and has made sense for her.

The Pentmarks manager was also promoted as a result of the merger. He was very positive about his personal development: *“The merger, uh, in the end gave me, uh, a much bigger business responsibility, because when I started I had just under 40 million and now I have... 220 million, including many more product lines, so that enriched my diversity of my business... this business team, positioned in Europe, it’s probably one of the most diverse in Lindeman and I like it.”*

Independent of that was the fact that it also supported his personal sensemaking development. He also evaluated the integration process from

Lindeman as being very positive compared with the change activities he had taken part in before. This is a further indication of his positive personal sensemaking evaluation. He said: *“So for me, uh, it was the third time I would say big change and um, and uh, you could almost say a blueprint... I would copy 80% of it. If I had to do a big merger myself... my learning is that you... although you try to do it in two years, and it probably was done for 80% in two years, if you now think what came after it in the third year, after the third year, it almost sort of completes the thing.”*

To summarise the Lindeman sensemaking case-study analysis of the two researched employees, it can be said that, because of their long relationship with Pentmarks and Lindeman, they had a high commitment towards both companies. Based on that, they showed very high engagement, very high loyalty to the company and support for the integration since the merger did make sense for them. This case further supports the findings from the Bergman case that company commitment is boosted because of long employment at the company before the merger started.

6.6 Cross-case analysis

This section discusses the results of the sensemaking cross-case analysis to determine if there are similarities and unique aspects in the four researched case studies. The reviewed sensemaking approaches are analysed over time, while the implementation takes place. This means that the developments of the individual sensemaking over time can change, based on upcoming events. Also, interaction with the external elements can influence the sensemaking of individuals, as shown in the reviewed case studies. Mills *et al.* (2010) state that

our sensemaking can be either constrained or created by the very environment that it has created. Similar to a self-fulfilling prophecy, this property maintains that the environment that has been created by the sense-maker reinforces his or her sense of credibility. This reliance on past experiences and inaccurate cues made their actions seem “plausible” (i.e. credible) as the “right” thing to do. Based on the narrative case descriptions in Sections 6.2 to 6.5, the individual case findings are compared and further developed to get an overall impression across the cases. The discussion will start with the collected sensemaking impressions at the time the M&A activities started. It is necessary to analyse two different groups in relation to sensemaking during the first phase of the M&A activities. The first group of employees did not feel any fear at the beginning of the activities. This was argued in the Lindeman case by the Pentmark manager when he stated that he was used to M&As and therefore did not feel any fear when the activities started. On the other hand, there existed feelings of insecurity and anxiety on an individual level. This is confirmed by the Upstom manager, the Upstom employee and further by the Ameracs manager. This finding asks for a definition of how the sensemaking of individuals is constructed. In a study by Lockett *et al.* (2014), an interpretation of Weick’s definition is presented. For Weick (1995), sensemaking is first grounded in identity construction – that is, who people think they are in their context shapes how they see the world (Pratt, 2000; Currie & Brown, 2003; Weick, Sutcliffe, & Obstfeld, 2005; Thurlow & Mills, 2009). Second, sensemaking is retrospective, being based on “meaningful lived experience” (Schultz, 1967), with actors drawing on their experiences to make sense of what they are currently doing (Labianca *et al.*, 2000). Third, sensemaking is a social process which is both

individual and shared, representing “an evolving product of conversations with ourselves and with others” (Currie & Brown, 2003: 565).

As stated by Isabella (1990) and Weber and Manning (2001) in Section 2.4.1, the individual continuously reflects the personal situation and decides what alternative to choose. Across the cases, this process activity has been done in phase 1 of the reviewed cases. In the Muntberg case, the Ameracs manager made the decision to leave the company. The reason for that decision was that he believed that commercial managers of the bought company would be substituted in the case of integration. He believed that this was a normal approach. The high level of commitment and loyalty towards the old company motivated both the Upstom manager and the Upstom employee to stay with the company. For them, it made sense to stay with the company at this point. Another reason to stay for the Pentmarks employee was that, for her, it was important that she did not get confronted with a financial risk by the merger. Since her husband was also working for Pentmarks at this point, she could not afford to leave the company as that meant a higher financial risk level, even when the pension issue for her was a personal financial loss. For her, it made more sense to stay in the company and to monitor intensively the development of the M&A activities. As stated by Mills *et al.* (2010), the sensemaking process involves focusing on certain elements, while completely ignoring others, in order to support our interpretation of an event. Since sensemaking is retrospective, past experiences, including rules and regulations, dictate what cues we will extract to make sense of a situation. This approach is further supported by Wiig (2003). He mentions that the sensemaking task relies on knowledge in the form of situation-recognition models. Additional forms of knowledge are also used. These include facts, concepts, rules and expectations.

In the further development of the M&A integration process it can be stated that a high level of similarities in order to promote leadership, communication and employee focus across the cases has a strong positive influence on the individual sensemaking of the reviewed participants. Important to mention is the influence of leadership on sensemaking. As discussed in Section 5.7, leadership has the strongest influence on individual sensemaking. This was also mentioned in the analysed sensemaking profiles across the reviewed cases. Change may foster intense cognitive disorder for middle managers (McKinley & Scherer, 2000). Lüscher and Lewis (2008) mention in their study that such conditions spur confusion, anxiety and stress that impede, or even paralyse, decision-making and the leadership of managers. It is further stated by Salem (2008) that, when organisational members distrust the management or each other, strategic initiatives fail. Employees often distrust management during periods of planned change. A common way for members to express this distrust is to discuss organisational politics and the distrust that members feel about how management might distribute resources. This development of rumours can be avoided by continuous communication. This underpins the importance of leadership and the influence towards subordinates in the context of M&As.

Communication was also mentioned across the cases as being very important in the context of M&As. Fiol's (2002) process model shows how leaders use language to unfreeze employees' existing meanings about an organisation's identity, replace them with new meanings about its identity and then refreeze those meanings. Johansson and Heide (2008) mention in their study that narrative as a form of communication is important in the sensemaking

processes and in learning, since stories help people to structure their experience.

The cross-case sensemaking analyses show a lot of similarities in the reviewed cases and further confirm the findings in Chapter 5 independent of the integration approach, the company size and the type of industry in the reviewed cases.

6.7 Summary of the chapter

The sensemaking in the context of the analysed mergers and integrations gives an overview of how individuals evaluate the mergers from their personal viewpoints. One of the issues highlighted in the model is cognitive dissonance. Several empirical studies have adopted a cognitive approach to sensemaking as a theoretical framework for understanding the change process (Isabella, 1990; Gioia and Thomas, 1996; Weber and Manning, 2001). Helms-Mills (2003) similarly moves beyond a purely cognitive approach to consider sensemaking based on one study she has made. She suggests that a deeper exploration of context and activity is needed to understand sensemaking as an intersubjective process.

A person's cognitions, emotions and actions are intimately interlinked. For example, employees might be receptive to change until they experience – through action – what change entails. They might be receptive on a cognitive level – believing that a certain change is necessary – but on an emotional level, they feel quite differently. As mentioned by Burley and Pandit (2008), their influence on the sensemaking of others should not be underestimated. They should be used to motivate peers and increase the acceptance of change since

they are accepted and their opinions are accepted. The sensemaking profiles of the reviewed case studies confirm these statements. It further gives evidence of the interlinked elements and their interdependency in the developed research model. The findings also reflect, to a certain degree, the common needs of personal security in all presented sensemaking profiles.

From the reviewed case-study interviews, a sensemaking process and approach of the individual can be compiled. The created process is based on stages which all the analysed individuals went through while the change-and-merger process was taking place. The change activities initiate a self-reflection of the individual in the early stages of the change process. The cognitive approach is a reflection of the given situation with the experience of former and similar change activities. This self-reflection then leads to the results and evaluation of the situation and the possible outcomes for the individual from the merger. This may lead to internal conflict within the individual, as described above. The commitment toward the old and also the new company, the personal binding with the former company and also the personal situation of the individuals have influence on the targets that the individuals want to get out of the merger and integration, as shown in the case-study reviews above. At this stage, then, the individual is creating alternatives based on the given situation and on the expected development of the merger and integration. The evaluation of the developed alternatives and the decision as to which direction to go is based very much on the level of information that the individuals have at this point in time. The decision made, then, is continuously reflected and scrutinised if the decision is right and in case the frame and conditions change and adaptation and reorientation take place. This is confirmed by the case-study reviews of Muntberg where both

employees decided in the beginning to leave the company and then opted to stay because of the change conditions and personal expectation, while the individual targets stayed the same and did not change over time. This also requires continuous learning, reflection and adaptation as the integration process takes place.

The individual sensemaking process is strongly linked to the merger-and-integration process. In the early phases of the integration process, the roots of the individual sensemaking are set. The interaction between the integration process and the individual sensemaking is very much influenced by the personal targets, the personal situation of the individuals and the function and role of individuals when the integration activities start. The review of the individuals in the analysed case studies has shown that sensemaking is strongly influenced by organisational and integration-process elements. Since there exists a certain level of insecurity and anxiety at the beginning, it is important that the organisational set-up is done quickly. This means that it is important for individual sensemaking that the employees get the information on what the new organisation looks like and what will happen to the individuals in the new organisation. In the analysed sensemaking profiles, it has been confirmed that, if there is a gap between the definition of the organisation and the set-up of the leadership and its functions, the influence on the individual sensemaking process is negative. One example of this is the Muntberg case study where both Ameracs employees decide to leave the company because of missing information and communication in order to boost their personal development. The leadership also has an influence on the sensemaking development. It has been confirmed that the existence of the old leadership team of the integrated organisation and the organisational stability of the

integrated organisational units is supportive for the positive sensemaking development of the individuals. Across all cases this has been seen as important by the reviewed individuals.

In addition to this, continuous communication of the integration activities and the treatment of the new employees is important for the sensemaking development of the reviewed employees.

It also confirms the learning loop of beliefs, values and attitudes as it shows that a change in the personal and organisational situation leads to a change in the predefined alternative selection of the personal sensemaking approach.

Learning is often seen as a purely cognitive process of knowledge acquisition, information distribution, interpretation of information and storage of information for future use. Cognitive diversity is also defined as a variation in underlying attitudes, beliefs or values developed through individual experience and background (Hambrick and Mason, 1984; Milliken and Martins, 1996). This means that, on an individual basis, a continuous self-reflection takes place during the integration. One example of this is the change in attitude and sensemaking approach of the Ameracs manager in the Muntberg case. This further shows the eagerness of the individual for job protection and self-development when it comes to merger and integration. This can be seen as a main driver for the sensemaking of employees, independent of job role and function, when it comes to change in the merger-and-integration context.

In a study by Johansson and Heide (2008), it is mentioned that sensemaking processes ensure and might resolve uncertainties and ambiguities following a planned change programme (Balogun and Johnson, 2005). These sensemaking processes are fundamental to the outcome of the planned change, since sensemaking is a significant process of organising (Weick *et al.*,

2005). It is stated that sensemaking is not, however, a prerequisite for the choice of alternative actions. Rather, sensemaking is about the interplay of action and interpretation. People think when they act, test and experiment, since they can then see and understand what it all means. Further, sensemaking is a social process that occurs through communication. When a new, complex situation arises, for example a planned change initiative, people immediately start to talk about it in order to understand it, make sense of the situation and produce a plausible account (Johansson and Heide, 2008). Thus, a situation that constitutes a base for action is talked into existence (Taylor and van Every, 2000). Dixon (1997) emphasises that the most powerful change interventions occur at the level of everyday conversation.

As people in an organisation have different backgrounds, interests, experiences, education, positions and so forth, they will also make sense of the very same situation in multiple ways. Research by Stensaker and Falkenberg (2007) indicates that sensemaking at the individual level shapes the aggregated reaction at the organisational level and that the change initiative and the individual responses mutually interact and influence each other over time. The discussion shows that sensemaking, on an individual level and in more concentrated organisational units, has an influence on the process and outcomes of M&As.

7 Conclusions and implications

7.1 Introduction and Structure of the Chapter

This chapter draws a close to the thesis by offering answers to the research questions and the contribution that the study has made to the theory along with the management contributions. The implications of the study are given along with a short concluding paragraph that focuses on the improvements that could be made in future studies.

Table 7.1: Overview of Chapter 7

7.1 – Introduction and Structure of the Chapter
7.2 – Research Questions
7.3 – Theoretical Contributions
7.4 – Contribution to Management
7.5 – Implications
7.6 – Conclusions
7.7 – Final reflective statement

7.2 Research Questions

The aim of the research is to find out if there is an influence of sensemaking on mergers-and-integration processes and on the outcomes of mergers. The research aim is met since the investigation and analysis of the four reviewed case studies has uncovered significant aspects that influence individual

sensemaking while M&A activities take place. The consequent behaviour and commitment towards the M&A integration then influences the process and outcomes of the mergers. The detailed discussions in Chapters 5 and 6 confirm these statements.

Based on the research aim, the interaction and influence of human functional aspects towards the M&A integration process and the outcomes of these activities are investigated and this leads to an understanding of the sensemaking processes of those individuals involved in the M&A process. Furthermore, an HRM model for managers undertaking mergers is developed. This is based on the findings of the research and on the existing research literature in this area. The model offers a basic platform of human functional aspects which managers are able to use to bring employees to the position of being in favour of their change and M&A activities.

The five developed research questions – which aim to create a holistic understanding of the influence of mergers and acquisitions on individual people working in the integrated company and of the influence back from the employees to the integration process and the outcome of the integration – are answered. The success or failure of the research in answering each of these questions is considered. In the following, the generated research findings of the developed research questions are discussed in more detail.

RQ1: *To what extent do human functional aspects influence the merger-and-acquisition progress and the M&A outcome?*

A selective number of human functional aspects have been defined to describe the behaviour of employees along the integration process. Chapter 3 gives a

detailed description of the integrated and reviewed human functional elements. The selected elements are based on Foil & Huff's cognitive model (see Figure 3.1) and are split into three cognitive domains: elements describing the organisation, the individuals and the generated change effects. The leadership, communication and decision-making are seen in combination as major aspects influencing the relationship with the employees and also as the basis and consequence of the company culture. On the individual side, beliefs, values, attitudes, learning, and also the relationship between management and employees, have been defined as the descriptive elements in terms of what happens on an individual level during the integration.

The research has uncovered several human functional aspects that have either a strong influence on the process or outcome of M&As or are strongly influenced in the first order and, in the second order, further influence the process or outcome of the M&A activities. Interesting in this context is the finding of the influence analysis in Section 5.7. This shows that, beside the direct influence there also exists an indirect influence of elements on the process and outcome of M&As. This has an exponential influence that is not recognised without the simulation analysis. That means that, even if no direct link and influence exists between elements in the first order, the influence can be created via another element or elements in a second or higher order. One example of this is the influence of communication on the individual's attitude. There is no direct link between the elements. Therefore it could be expected that no influence exists, but there does exist a link via the individual's beliefs. This means that, if communication changes the individual's beliefs, the individual's attitude is also changed with a time shift. As shown in Figure 5.4, the elements with strong influence on the individuals, the integration process

and the outcome of the merger are the analysed elements of leadership and communication. The strongest influence on other elements and the individual readiness for change has the direct leadership from top-, middle- and operational management in M&As. The analysed influence level of 9 shows that there does exist a huge influence on other human functional elements and on the process and outcome of M&As. This means that, from the quality of leadership, a lot of other human functional elements get influenced. Since the individual sensemaking is based on experience from previous similar cases, the personal targets and expectations and the actual situation have a strong influence on the situational aspect of the individual's sensemaking which then influences the individual's commitment to the merger, the merger process and the outcome of such initiatives. This research finding is independent of organisational level, organisational role and active participation in the integration activities.

The leadership is then followed by communication, with the influence level of 8, and the organisational culture with the influence level of 7. On the other hand, the level of influence is also important in the context of the degree of influence on the M&A activities. The readiness and commitment to the change activity shows an influence level of 10. This is followed by the individual learning with the level of 9 and the relationship towards management with the influence level of 6. The importance of these aspects is discussed in detail in the cross-case analysis in Section 5.6.

The influence of the researched elements is different in relation to the process and the outcome, depending on the level of influence on other elements and also on the level at which others have influenced them.

From the researcher's point of view, the research question has been answered and fulfilled. The outcomes of that test are presented in the "Descriptive analysis of the case studies" in Chapter 5.

RQ2: *Does the level of influence of the merger on employees depend on the company to which they belong, or on whether they are actively integrated into the integration teams or into the organisational unit to which they belong?*

The research shows that, in all cases, the employees of the integrating companies are influenced only in a very limited way by the integration. This is independent of the organisational level or functional role. As in the individual case reviews, Sections 5.2 to 5.5, there does exist a partial but very strong influence on the integrated employees. This depends on the organisational unit to which they belong, but also on their organisational role, on whether they are manager or employee. The participation in the integration team also has influence in relation to communication, the level of information and the level of sensemaking of the individual within the merged organisation. Within Chapter 5, where the descriptive analysis of the reviewed case studies has been presented and also in the cross-case discussion in Section 5.6, the level of influence is discussed in detail.

The most important findings in this context are that the integration companies are – perhaps because of their size compared with the integrated company – not or not very much influenced in their fundamental corporate values, culture and their way in doing things in the case of a full integration (see Section 5.6). The two analysed integrating midsize companies (see Sections 5.4 and 5.5)

have also experienced either no or very little influence as a result of the integration. The reasons, therefore, lie in the way in which the integration took place. This was either the start of a joint venture (see Section 5.4), with a high level of independence of the integrated company, or the integration of a joint venture (see Section 5.5) where the organisations have already worked together before and the level of change and influence was not so high.

Across the cases it was confirmed that there was a different level of influence of the merger on the integrated employees depending on the organisational unit to which they belonged. The white-collar employees in the offices have been influenced because of their organisational function and the role they were in when the integration took place. The interview participants confirm this across the reviewed cases. The narrative case analysis in Sections 5.2 to 5.5 presents the case-specific findings. One example of this is the implementation of an ERP system in the integrated company and the reduction of layers in the administrative organisational units in the Efcom case (Section 5.4). The influence is very much on the employees of the commercial, strategic and central units. This is quite clear, because from the financial perspective, the right control set-up must be ensured and also the implementation of the ERP systems and the strategic alignment has to be ensured right from the beginning. On the other hand, the factories and plants of the integrated companies have been stable and not hit to a high degree by the change-and-integration activities of the four reviewed case studies. Since the management and organisational set-up was stable overall, the employees did not feel the integration and change of the organisational ownership. It was mentioned by the Upstom manager in Section 5.2.3 that, as long as salary payments were assured and secure, the employees in the plants did not care about the change-and-integration

activities. To summarise the findings on this research question, managers have to be aware of the different levels of influence on the employees depending on the organisational unit to which they belong and their function and role while the merger and integration takes place.

RQ3: *Does the social construction and sensemaking approach of individuals influence the change process and the outcome of the merger?*

The analysis of the human functional aspects of the individuals over time, as a basis for social construction, and the development of sensemaking shows that an influence on the change process and the outcome of the reviewed M&A cases does exist. As presented and discussed in RQ2, the influence on these elements is mainly on the employees of the integrated companies. Both groups – the active group in the integrated management and the passive group among the integrated employees – of interviewed employees have changed over time. The employees went through different phases of personal and social reflection where the personal set-up and sensemaking in respect of the change initiative changed over time (see the cross-case analysis in Section 6.6).

At the beginning of the cases explored, when the changes and mergers were communicated, a sense of insecurity and fear was confronting the employees. The feedback from the sensemaking at this stage was an inner reflection and clarification of alternatives and the set-up of personal targets out of the reflection on the upcoming merger and integration, as described by the Ameracs manager in the Muntberg case in Section 6.3. Also, such personal situations as family set-up and job flexibility were influencing the sensemaking approach of individuals (see the employee situation of the integrated Pentmarks

organisation in the Lindeman case in Section 6.5). In the first phase of the integrations the individual sensemaking, based on the situational framework, the communication and the level of information, was in most cases not supportive for the integration. The individuals selected a personal approach from a bunch of created alternative scenarios. In most cases, this was either a strategic approach for working in the new organisation where they developed a certain plan for survival, or an intended exit plan for leaving the company. The exit plan, as in the example of the Ameracs manager in the Muntberg case in Section 6.3, is often based on former experience and cognitions from the past where they reflected on how their function had been handled and treated in other mergers and integrations. This also accords with cognitive dissonance when it is in confrontation with former experience in that area. Especially at the management level, this insecurity has further implications for the organisation as managers are often seen to act as opinion leader and therefore influence other employees in their behaviour or opinions, their readiness for change or their identification with change in the context of mergers. The example of the PON manager in the Efcorm case (Section 6.4) is one example of that registered phenomenon.

The first impressions of the individual are either confirmed or repudiated and further development in the search for the individual's sensemaking is based on these facts. The stability of the organisational and management frame of the integrated company is very supportive for the sensemaking of the integrated employees, as confirmed by the research. One example of this is shown in the Muntberg case in Section 6.3. The selected sensemaking approaches of the interviewed participants have been further developed as the integration process went through. A lot of additional workload and also personal and social

reservations were accepted by the participants while the integration process took place in order to reach the intended sensemaking target (see Section 6.6). On the other hand, decisions that had already been made, such as leaving the company, situational learning, communication and the leadership of the new management, have revised the individual sensemaking.

The learning cycle of the individuals, and also changes to the integration situation and to the facts as the integration process is going on, have an influence on the individual sensemaking approach. One supportive example for this finding is the change in the sensemaking of the Ameracs manager in the Muntberg case in Section 6.3. His decision to leave the company was revised by the new manager of the Muntberg company, who convinced him to stay in the company as a result of the way in which he communicated and expressed his trust towards him.

The reviewed individual sensemaking approaches are a great influence on the process and on the outcome of the analysed case studies. This evidence is generated out of all analysed interview participants regardless of whether they are managers or employees. As mentioned above, the management has a strong influence on other employees since they act very often as opinion leaders. Therefore the management and also the group of employees have a strong influence on the process and on the outcome of mergers and integrations based on their individual sensemaking approach. Their impact on the process and outcome are often underestimated in this context. It is important to mention here that a continuous reflection and adaptation takes place (see, for example, the Ameracs manager in Section 6.3), based on the changing frame set-up during the implementation. The longer the insecure feelings of the individuals last, the longer does the personal selection and

definition phase prevent the employees from committing to the new company and supporting the integration process. This, then, has an influence on the process and also on the outcome of the merger, as the sensemaking analysis in Chapter 6 showed.

RQ4: *To what degree has the originally designed human functional research model been updated to support the defined research aims, based on the findings of the researched mergers and acquisitions?*

The original developed conceptual model of human functional factors, shown in Figure 3.6, has been updated based on the research findings of the case-study analysis. The research has discovered findings that make an update of the original developed model necessary. Figure 5.9 shows the updates in the revised conceptual human functional research model. The changes are based on the findings of the analysed interviews in the descriptive case studies, shown in Sections 5.2 to 5.5, and the sensemaking analysis in Chapter 6. There are certain researched elements that have a strong influence on other elements and also on the individual sensemaking approach. Therefore the universal links between the elements have been updated in order to aid the research findings. The leadership of the top-, middle- and operational management across the reviewed case studies, presented in Sections 5.2 to 5.5, has shown that this element has multiple links with, and influences on, other human functional elements. This is also shown in the influence-flow analysis (see Figure 5.2 to Figure 5.4). It shows that leadership has the strongest influence on other elements quantitative-wise and is of central importance in the context of an individual's sensemaking and cognition. This element is followed by

communication with an influence level of 8. These two elements and the organisational culture are the most important human functional elements when it comes to individual reflection, commitment towards the new organisation and support of the individuals towards the integration process and also to the outcomes of the merger. This statement is confirmed by the individual case analysis in Sections 5.2 to 5.5, the cross-case analysis in Section 5.6 and the sensemaking in Chapter 6. Across the reviewed cases, these three elements have been described as the most important in this context. The evaluation of the elements was based on the researcher's own findings. The adaptation of the basic human functional research model to the research findings was necessary to integrate and demonstrate the research findings of the four analysed case studies and to support the defined research aims.

In Section 5.7, the revised research model, based on the research findings, is shown and discussed in detail. It is recommended that this developed model be used for further research in this area to generalise the findings in the context of change within the broader context of mergers and acquisitions.

RQ5: *Is it possible to generate a guideline for managers for understanding human capital aspects to improve the success rate of mergers and integrations based on the research findings?*

The analysis of the four reviewed case studies has offered a lot of essential information in order to generate guidelines in the pre-merger and merger process stage that will enable managers to increase the success rate of mergers and integrations to a higher level by applying the following recommendations.

In the pre-merger phase it seems quite important to perform human functional due diligence, as shown in Section 5.6.5.2. The cultural baseline management analysis, presented and discussed in the Bergman case analysis, offers a qualitative due-diligence approach that complements the hard-facts due diligence. The hard-fact analysis focuses mainly on commercial figures, products, market share and strategy, while the soft-fact due diligence focuses on cultural fit as an umbrella function. This analysis includes the evaluation of leadership, management quality, relationships, value systems and employee approach as examples of evaluation contents. The case-study analysis across the reviewed cases, and specifically in the Bergman case in Section 5.2, has shown that these aspects are of high relevance and importance in discovering traps before investments and integrations are started.

When the integration has started, it seems quite important to keep the integrated organisation as stable as possible. A huge change in the organisational and management set-up of the integrated company creates instability in the organisation. It was reported by the interviewees that only minor changes in management had been made and this was helpful in keeping the motivation and support of the integrated employees (see Sections 5.2 and 5.5 and also the sensemaking analysis of Bergman and Lindeman in Sections 6.2 and 6.5).

It was also reported that, apart from the implementation of an ERP and controlling system right at the beginning of the integration activities, as shown in the Ecom case in Section 5.4, the integrated companies were not overwhelmed by a lot of activities starting in parallel.

As discussed in the Bergman case in Section 5.2 and also in the Lindeman case (Section 5.5), a fast operative start to the new organisation helps to

convince customers and employees of the integration approach and further increases the commitment of the new employees to the organisation and owner. Also, the management and leadership evaluation of the integrated employees should be done right at the beginning, as discussed in the Ecom case in Section 5.4. This means that, based on the anticipated value and leadership system, the new management should be evaluated and, if necessary, trained or replaced. It was stated by the participants that this was a key factor for a successful merger and integration.

Leadership is the most central and critical function during the whole integration process. As mentioned in the revised research model (Section 5.7), leadership is the key element with the highest influence on other elements such as communication and relationship with employees and it has also the highest level of influence on the employees beliefs, attitudes and value systems and therefore on their readiness for change and on their commitment towards the change initiative of individuals.

Communication is also rated as a key factor in increasing the success of the merger and integration. It is stated that managers should act right from the beginning of the activities in an authentic way. Communication should take place in different forms in order to access all employees and also to use all available possibilities for getting the employees informed. It is stated by the Bergman manager in Section 5.6.1.2 that, as well as newsletters, town-hall meetings and intranet communication, employee surveys were also done to get feedback from the employees about the integration and the management approach. To avoid rumours, the communication should be done continually by using all the different communication forms.

In this context, it was also mentioned that there was a need to discover the opinion leaders in the integration company. This is seen by the Muntberg CFO in Section 5.3.6 as critical in increasing the motivation of the employees and also the identification of the new employees with the new owner. To generate the snowball effect, it seems essential to convince and integrate opinion leaders at a very early stage in the process. In instances of resistance from these people, it is important to get them out of the company.

In the reviewed case studies, the employees across the organisational level and in all the organisational units have been at the centre of the activities. It is reported that this has further improved relationships with management, but it has also increased the employees' identification with, and commitment towards, the new owner. The entrepreneurial approach has reduced non-conformance costs and increased the decision-making and responsible actions of the employees. The PON manager in Section 5.4.4 describes one example of this approach.

It is mentioned by the Upstom manager in Section 5.6.5.5, and also by the Bergman manager in Section 5.2.3, that the sensitive implementation of measures, as well as the implementation of the most essential things at the beginning, is also an important factor in increasing the success rate of mergers. It was stated that it was important not to implement too many things at one time and also that measures should be implemented when the organisation is ready. To celebrate easy wins with the employees can also improve their commitment and motivation.

The research shows that, if organisations take care of the factors mentioned above, the success rate of M & As can be improved.

7.3 Contributions to literature and theory

The study contributes to the body of knowledge on the influence of human capital on mergers and acquisitions. The presented research offers a human functional framework and advances our understanding in respect of change, M&A and sensemaking.

One contribution to literature is in the area of change and specifically on M&As. It provides empirical work exploring the human side of M&As that has so far been largely ignored by the literature. The holistic approach, which is based on the cognitive submap approach work from Foil and Huff, concentrates on the holistic investigation of the relevant human functional elements and their interactions and interdependencies while the M&A process takes place. This offers a detailed insight into the progress of those individuals actively involved in the integration process and those not involved in the integration activities. It also investigates if impact differences exist between employees of integrating companies and those of integrated companies.

The presented sensemaking analysis shows the sense-making development over time of the researched individuals. The cross-case analysis offers the fundamental result, after considering the sensemaking process stages which the reviewed participants went through, as a basis for further research in that area. The study shows the complexity of ongoing activities in the organisational frame and in the individual sensemaking while the M&A process takes place.

A further contribution is the development of a new conceptual human functional model, shown in Figure 5.9. The model offers a unique insight into the area of human functional elements and sensemaking in the context of M&As. The initial created research model, shown in Figure 3.6, has been created based on the literature review in Chapter 3. This is revised and updated in the context of the

research findings. This updated model presents a deeper understanding of the relevance, the interactions and the interdependencies of the investigated human functional elements. Figures 5.2, 5.3 and 5.4 act as an adjunct to the initially created model illustrating the level of influence on other elements and the level of influence from other elements on certain elements in the model. It further supports the argumentation concerning what are the most important elements when a merger takes place, showing the relationships and influence levels. In Figures 5.5 to 5.8, the complexity and importance of the higher-order analysis in the context of human functional analysis is discussed. The model presents the complexity and the interactions of the investigated human functional elements interwoven into M&As. This demonstrates and underpins the necessity of a holistic review and analysis in order to generate sufficient evidence out of the research as it has been done here.

The complexity of the investigations performed, the generated research results and the new developed conceptual model can help to guide further research in this area.

7.4 Contribution to Management

For operational managers, the developed human functional framework offers practitioners guidance and support in managing human functional aspects in the context of M&As. In doing so, it offers key aspects that are of great importance and which have to be taken into account in order to implement M&As successfully.

The human functional element analysis in Section 5.6 offers a detailed review of the investigated elements. It discusses the investigated elements in the

conceptual model and offers managers comprehensive guidance concerning the relevance and importance of these elements. This approach is further supported by the presentation of key factors in Section 5.6.5 that are of great relevance for managers in supporting them in leading an M&A towards success. The sensemaking analysis in Chapter 6 offers managers a detailed insight into the sensemaking approach of the reviewed case-study participants. More specifically, in Section 6.6, the cross-case sensemaking analysis presents a summary of the important sensemaking aspects across the reviewed cases. The elements shown in this section review the sensemaking process of individuals confronted with change in M&A activities and represents a guide for managers in order to generate the support of employees for the intended change activities. Chapter 6 also underpins the importance of the human functional elements from Chapter 5 regarding the influence of the individual sensemaking. It further indicates that research in sensemaking is strongly linked with human functional elements. It requires a holistic approach based on human functional elements in order to generate sufficient evidence and results.

A new conceptual human functional model in the area of M&As can help and guide managers to improve the success rates of M&A integrations. The developed original conceptual research model has been updated based on the research findings in the four reviewed case studies. Interesting in this context is the time-based influence analysis of the research model in Section 5.7. This analysis shows the level of influence on and of other human functional elements. In this context, the elements that have the strongest influence are presented. Also presented are the complexity of the interactivities and interdependencies of the elements even in a higher order. As well as the

description, the revised research model gives a graphical impression of the interactions for managers.

Overall, the collected research findings are very useful in isolation but also in the review of the interdependence and influence across and in between the elements. This information is particularly useful for managers in relation to the set-up of merger-and-integration strategies and also to the development of integration concepts and projects. The presented study offers information and guidelines concerning the human side of M&As in order to support managers in increasing the success rate of M&A integrations.

7.5 Limitations of the research

Limitations in the context of the presented research are in the areas of time and quantity. This is because the performance of case-study research means the investing of a lot of time in generating a detailed understanding of the reviewed and studied phenomena.

The applied research method and philosophy has supported the creation of a general grasp of the generated effects and interactions of the defined human functional elements on the individual sensemaking approach initiated by the change process of M&As. These first impressions and findings ask for a more detailed investigation of the reviewed aspects and the reasons for the interactions and interdependencies of the elements. The generated findings do not allow for generalisation and are therefore limited to the reviewed cases. This is because of the reduced sampling size of the four case studies and 16 analysed interviews. These have been sophisticated since no additional findings could have been generated. The findings are supported and confirmed

by the relevant literature but do not allow for the generating of general evidence. More quantitative research in this area could help to overcome this limitation.

The investigation was limited to one point in time when the interviews were done and the participants were asked questions concerning the M&A activities that had taken place in the past. It would be of interest to get an analysis of the influence development over time of the researched elements that have been simulated with the tool Gamma. An observational approach to follow the M&A activities over an extended period of time could further support the findings of the research.

The access to potential companies joining the research was limited. As stated in Section 4.6, the willingness of the addressed companies was very limited. The investigation has shown that only companies who successfully implemented the M&A process were joining the research and overall these presented a very positive research result. It would be of interest to investigate companies with less successful M&A approaches to further confirm the findings and to generate additional findings in this context.

7.6 Ideas for further research

The presented study offers a number of further research areas that can be investigated based on the research findings shown.

In the area of M&As, it can be of interest to investigate whether M&A research in other cultural areas beside those reviewed in Europe and the USA, confirm the presented findings. The influence of specific countries or geographical

cultural influences on the defined human functional elements, and also on the findings of the individual sensemaking, could be interesting.

Another research field is in the group of extension studies. The applied research approach and the developed research model could be tested and further developed in other cases, industries and social or political environments. Also, the transfer of the presented research findings to other organisational change activities, such as, for example, organisational downsizing or restructuring, may be of interest. The human side of change is important to investigate since companies are continuously confronted with change and the cost of demotivated employees and bad productivity has reached more than €85 billion (Gallup, 2015) in Germany.

The developed conceptual model offers a great basis for further research. It would be of interest to find out if the developed model in the presented research offers general findings in the investigated area. As mentioned in Section 7.5, it would be of interest to analyse the level of influence and interaction of the researched elements in their complexity in a quantitative-research approach to develop the human functional influence analysis to the next level. Of interest in this context is an analysis of the higher order – 2nd, 3rd, 4th... – level of influence of the elements, as discussed in Chapter 5 of this research. This offers aspects that have not yet been taken into account by scholars, but which may have a strong influence on the individual's sensemaking process and on the integration process and success rate of M&As.

As mentioned in Section 7.5, it would be of interest to develop the research further in such a way that the developed and presented concepts of the research could be applied to less successful M&A activities. A focus on the

“darker side” of the human effects of M&As would be of great value in gaining a broader understanding of human aspects and effects in the context of M&As.

7.7 Final reflective statement

This research has achieved its aim of making a number of modest but useful contributions to the literature, to theory and to management. In doing so, it has identified a number of important factors interwoven into the fabric of the study. From the theoretical viewpoint, it was possible to define relevant human functional elements and also to investigate these regarding their influence on individual sensemaking and also their influence on the process and the outcomes of the reviewed case studies. The complexity of the research, and also the amount of qualitative data, allowed for the creation of holistic findings as a platform for further research in this area.

Overall, the research for me was a huge investment in time and effort. I have enjoyed working together with my supervisor, Dr David Spicer, and discussing with him the concept, approach and findings. Dr Spicer was the best support I could expect. Indeed, he was much more. For me, it was a great journey, with all its highs and lows. I was fascinated by the topic from the beginning onwards. It was a great pleasure to get the chance to do research in this area and I hope that I can create additional value in the area of my research.

8 References

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9 Appendices

Appendix 1 – Informed-consent letter



TILBURG UNIVERSITY

In association with:
Eindhoven University of Technology

TiasNimbas Business School Germany GmbH
Campus Bonn
Platz der Vereinten Nationen 7
53113 Bonn
Germany

T. +49 (0)228 259 00 30
F. +49 (0)228 25 90 03 19
information@tiasnimbas.edu
www.tiasnimbas.edu

Chamber of Commerce
AGBonn HRB7728

Bonn, 8 August 2011

Dear Sir or Madam,

Herewith we confirm that the enclosed research, from Mr. Markus Kleinschwärzer, will be conducted within the framework of his dissertation at the TiasNimbas Business School, Tilburg (NL) in cooperation with the University of Bradford (UK). We also confirm that this research complies with the ethical foundations for academic research at the University of Tilburg and the University of Bradford (please see for details www.britisoc.co.uk). This includes, among other things, the assurance of absolute anonymity of gathered data, as well as the assurance that the gathered data will not be used for public or commercial use, but rather solely used within the dissertation. The result of this scholarly paper will be made available to you upon request.

We would like to thank you in advance for your support and for allowing this data to be acquired.

On behalf of TiasNimbas Business School,



Holly Fulkerson
DBA Programme Assistant



Platz der Vereinten Nationen 7
53113 Bonn
Germany

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NEVER STOP ASKING

Appendix 2 - Respondent details of the reviewed case studies

Case 1: Bergman AG

Upstom employee (Not active in the integration team)

Before the merger: The Upstom employee had joined the Upstom company a couple of years before the merger took place. She was working at the Upstom HR department in different functions with and for the Upstom HR manager for aggregates. As an HR advisor in this area, she was responsible for two regions.

During the merger: She was not actively involved in the integration activities and did not join the integration team. She was promoted to become HR adviser for Upstom building products, responsible for the UK. For her, this was a much bigger job role with much more responsibility and interaction with the Bergman headquarters in Germany.

After the merger: The Upstom employee still works in the same HR area with the same job and responsibility.

Upstom manager (Active in the integration team)

Before the merger: The Upstom manager joined the Upstom company about 15 years before the merger took place. She was HR director in business-line products at Upstom in the UK.

During the merger: Besides her management function, she was involved in a number of different projects with Andreas Schnur (HR head of Bergman) in the merger integration team.

After the merger: The Upstom manager has been promoted to become HR country director for all business lines for Bergman in the UK.

Bergman employee (Not active in the integration team)

Before the merger: The Bergman employee was responsible for Bergman concrete and aggregates in Europe. He also was responsible for developing and implementing strategies for the non-cement business within Bergman.

During the merger: He did not actively join the integration team during the merger. While the merger was going on, besides his manager function mentioned above, he was also responsible for discovering and implementing synergies in the operative aggregate, concrete and asphalt business of the merged companies.

After the merger: The Bergman employee has been promoted and given worldwide responsibility as manager for the new established competence-centre materials at Bergman AG.

Bergman manager (Active in the integration team)

The Bergman manager worked for Bergman already for years as HR director before the integration of Upstom. He joined the buying activities from the Bergman side. When the contracts were signed, he was asked to join the top-management integration team. He had already had experience of change during former mergers and acquisitions at Bergman, which he had also joined. As a Bergman manager, he was responsible for the HR integration of Upstom plc into Bergman AG. There was no change in his job function before, during or after the merger and also he experienced no change in management. He was reporting directly to the Bergman board.

Case 2: Muntberg AG

Ameracs employee (Not active in the integration team)

The Ameracs employee was employed for two years at the time of the takeover at Ameracs AG. Previously he worked for a medium-size bank in the area of financing. Within Ameracs he was responsible for corporate financing activities at Ameracs AG. His intention was originally to work for a mid-size company, as Ameracs was. When the integration process with Muntberg started, he was already in contact with the new CFO of the company, who was a former Muntberg senior manager. Since he had knowledge about financing at Ameracs, he was asked to take responsibility for the financing processes within the new/integrated Ameracs AG. He then became responsible for the Sarbanes-Oxley Act (SOA). The SOA set new or enhanced standards for all US public company boards where the top management must individually certify the accuracy of financial information.

Ameracs manager (Active in the integration team)

The Ameracs manager was employed for one year at Ameracs AG before the integration activities started. He was responsible for the controlling and accounting department and for the treasury activities. He was already very strongly involved in the Ameracs sales activities. When the integration started in the middle of 2005, he had already worked for Ameracs AG for several years. In 2006 he transferred, as CFO, to Gerston AG, a 100% subsidiary of Ameracs Holdings GmbH. Before the integration, Gerston was already an existing brand within the Ameracs group. The plan before the Ameracs sale was to get the Gerston AG stock listed.

Muntberg employee (Not active in the integration team)

The Muntberg employee joined the company in March 2006. He was head of the accounting department within Ameracs AG and Ameracs Holdings GmbH.

Muntberg manager (Active in the integration team)

The Muntberg manager worked for Muntberg for years before the integration of Ameracs. He joined the buying activities from the Muntberg side. When the contracts were signed, he was delegated from Muntberg AG to take over the CFO function within Ameracs AG. As a Muntberg manager, he was responsible for the integration of Ameracs Holdings GmbH into Muntberg AG.

Case 3: Efcorm GmbH

PON employee (Not active in the integration team)

The PON employee had already worked for the PON group for 6 years when the joint venture started in 2007. He had joined PON in 2001. In the first years he was responsible for factory planning. This function included three areas: production scheduling, investment planning and idea management. The last one he had developed further and the idea came to him to form a separate unit in combination with production systems. For five years – since the start of the merger – he has been responsible for implementation and further development of production systems at the Gustavsburg plant.

PON manager (Active in the integration team)

The PON manager was also employed for several years at PON AG before the integration activities started. Before the merger he was responsible for the plant at Gustavsburg as plant manager. He was the negotiation leader from PON when the negotiation phase started.

There was interest from the Efcorm group in his joining the joint venture and PON was also interested in his joining the merged company to ensure the quality in the supply of produced parts for PON. He then joined the company because it was agreed that he would get the CEO position within the joint venture. In 2013 he was made CEO for the Efcorm Automotive group.

Efcorm group CEO (Not active in the integration team)

The Efcorm group CEO joined the Efcorm group 45 years ago. He had different management functions and at the time when the joint venture took place he was

CEO of the Ecom group and not active in the group integration. At the moment he is CEO of the Ecom solar business.

Ecom manager (Active in the integration team)

The Ecom manager has been working for the Ecom group since 1982. He has had several management functions within the Ecom group and joined the integration process in February 2007 when the joint venture had already started. Within the merged company he had two functions. He was the assigned CFO and also the person responsible for the integration, who had to ensure that the merged company became part of the Ecom group. Afterwards he was responsible for the new Ecom Automotive group. This function has for the moment been taken over by the former PON manager.

Case 4: Lindeman AG

Pentmarks employee (Not active in the integration team)

The Pentmarks employee had already worked for the Pentmarks group for more than 20 years when the integration of the Pentmarks joint venture started in 2008. She was working as market manager in the US before the integration of the Pentmarks joint venture started.

When the integration of the Pentmarks joint venture went through a marketing reorganisation, the unit was split into commercial and strategic marketing for the business unit. The Pentmarks employee was then promoted and took over worldwide responsibility for strategic marketing at the Lindeman polymers business unit.

Pentmarks manager (Active in the integration team)

The Pentmarks manager has worked for Lindeman AG for more than 20 years. His last management function before the integration started was, from 2005, as the managing director Europe for Pentmarks polymers. The Pentmarks manager was an active member of the Pentmarks polymers joint-venture integration team. He got a new job when the integration started. He is now the director Europe for dispersions and resins within the Lindeman polymers division.

Lindeman employee (Not active in the integration team)

The Lindeman employee joined the Lindeman AG 25 years ago. He had different management functions and, at the time when the integration of the joint venture took place, he was the director of manufacturing for different products within the Lindeman polymers division. He was responsible for the production

facility at the Burghausen plant, another production facility in Germany and one small plant in China. The Lindeman employee was not active in the integration. He has been promoted and is now director of manufacturing and supply chain for Lindeman polymers. In this function he is responsible for about 350 employees and he has also production facilities around the world.

Lindeman manager (Active in the integration team)

The Lindeman manager has been working for Lindeman AG for more than 20 years. Before the integration of the Pentmarks joint venture, he had different management functions. Beside his regular job as technical service director for the construction business, The Lindeman manager joined the Elektra team. This team was evaluating the Pentmarks business unit before Lindeman decided to buy and integrate that business. When the integration started, the Lindeman manager was an active member of the integration team. A short time after the integration started, he was offered a new job in the field of productivity management. He was managing a team and was then responsible for an increase in productivity in the polymer division, also part of the integrated business.

Appendix 3 – Semi-structured interview questions

Based on the research aim and the research objectives, the following research questions have been developed. A classification of the designed research questions in four groups is applied. The reason for doing this is to generate clusters for the further coding and analysis approach that will be presented later in this chapter.

1. General, overall aspects

The view of the overall aspects presents the reflection of the first impression of the interviewee when they reflected on the completed merger-and-acquisition change process. This is important insofar as it can build the basis and frame for further statements made during the interview.

Q1: *What comes to mind when you think about the merger/merger process and what was the impact on you?*

Additional questions

- What were the positive impacts/impressions you registered during the merger?
- What were the negative impacts/impressions you registered in this context?
- Has something changed before/during/after the merger?
- How would you evaluate the merger? As a success or failure? Why?

The intention of this question is to get a general overview of how the merger was recognised by the interviewee and also perhaps to get systematic indicators across hierarchical levels within the researched organisations. Since this is a totally open question, there are no expectations about content and direction in the interviewee's answer.

Outcome/Results

It is expected that this question will raise key topics that had the greatest personal impact on the interviewee. It may also offer elements that create and build a systematic indication of the reviewed individual within the researched company.

2. Intrinsic, individual human functional elements

This group of questions focuses on the individual human functional aspects. The intention here is to find out how the individual is influenced by the merger-and-acquisition change activities, what the triggers for stimulation are and what the outcomes of this are. There are five questions representing the individual human functional elements group.

Q2: *Did the merger influence your personal belief system? And if so, how?*

Additional questions

- What do you think the change did for your well-being?
- Do you believe that you are the right person to deal with the change?

This concerns whatever an individual is willing to accept, without direct verification by experience or without the support of evidence, resulting in assumption, which is taken as a basis for action or non-action. It comprises an individual's worldview and determines how he or she abstracts, filters and structures information received from the world around. This is a mental system consisting of interrelated items of assumptions, beliefs, ideas and knowledge that an individual holds about anything concrete (person, group, object etc.) or abstract (thoughts, theory, information etc.). It comprises an individual's worldview and determines how he or she abstracts, filters and structures information received from the world around. This is also called the cognitive system.

The intention is to find out if there has been an intuitive change during the merger. As stated above, this is more concerned with gut feeling and less rational than attitudes and values, but still interrelated with them.

Beliefs can be referred to as generalised values of loyalty and duty.

Outcome/Results

The aim is to get a deeper insight into changes in the belief system, which may have occurred while the merger was taking place. Since there is an interaction and interdependency with other structured approached elements, such as value, attitude and learning, it is important to get the picture drawn from that angle.

Q3: *Have you seen a change in your attitude and how has it been influenced in the context of the completed merger?*

Additional questions

- How did the merger affect you?
- Did you recognise a change in your behaviour while the merger took place?
- Did you like or dislike the merger in general?

An attitude is a hypothetical construct that represents an individual's degree of like or dislike for something. Attitudes are generally positive or negative views of a person, place, thing or event – this is often referred to as the attitude object. People can also be conflicted with, or ambivalent towards, an object, meaning that they simultaneously possess both positive and negative attitudes towards the item in question.

Attitudes are judgments. They develop on the ABC model (affect, behaviour and cognition). The affective response is an emotional response that expresses an individual's degree of preference for an entity. The behavioural intention is a verbal indication or typical behavioural tendency of an individual. The cognitive response is a cognitive evaluation of the entity that constitutes an individual's beliefs about the object..

Outcome/Results

The intention of this question is to find out if the interviewee liked or disliked the merger in general. This, in combination with the other elements, should help to

gain a deeper insight into how the merger influenced individuals within the organisation.

Q4: *How would you describe the influence of the merger on your personal value system?*

Additional questions

- What kind of values (ethical/moral, social) have been influenced by the merger and how?
- What created this influence, how was it created and when?

Value is a concept that describes the beliefs of an individual or culture. A set of values may be placed into the notion of a value system. Values are considered subjective and vary across people and cultures. Types of values include ethical/moral values, doctrinal/ideological (political, religious) values, social values and aesthetic values.

Personal values evolve from circumstances in the external world and can change over time. Integrity in the application of values refers to continuity; persons have integrity if they apply their values appropriately regardless of arguments or negative reinforcement from others. Values are applied appropriately when they are applied in the right area.

Outcome/Results

It is important to find out the trigger which have forced the influence on the individual value system. Again, the interaction towards the other elements is important in this context.

Q5: *To what extent did you have to make a personal adjustment as a consequence of the merger?*

Additional questions

- What were the triggers for you to make the adjustment?
- Why did you feel the need for adjustment?
- What did you expect out of that adjustment?

It's the uncertainty and ambiguity that create the most stress – not knowing what will happen, when it will happen, or how one will be affected.

Human beings can handle a high level of change. They adjust and adapt remarkably well – if there is something solid they can adjust to. But people have an uncanny, intuitive feel for when the transition and change of a merger is actually over.

Companies that string out the integration process invariably come under harsh criticism from people at all levels of the organisation. Given their preference, employees would vote in favour of expediting the process – for example, integrate, consolidate, terminate, reorganise, or redirect as necessary. They just want to get on with it, so they can get on with their careers and make their personal adjustments to whatever happens to them as individuals.

Outcome/Results

The adjustment of personality also means a change of attitudes, values and maybe beliefs. Therefore the analysis of interaction and interdependency of the elements is the focus of this question.

Q6: *What have you learned in the context of the merger? How would you describe the process of your learning (continuous, phases...?)*

Additional questions

- How was the approach? (continuous/different phases, steps)
- What did you feel (emotions; what type of emotions?) when the merger took place?

The formal definition of learning describes the process as "a relatively permanent change in behaviour based on an individual's interactional experience with its environment". As such, learning is an important form of personal adaptation. Behavioural change is a process of personal, or ontogenic, adaptation that occurs within the lifespan of each individual to make one's survival more likely. Learning is relatively permanent to emphasise that behaviour is flexible and not genetically pre-programmed in form or function. Learned behaviours may exist for a lifetime, but they may also not appear throughout an individual's life.

Outcome/Results

The process of learning is important since it stimulates the approach of stored beliefs and the mobilisation for a change in values and attitudes. It is therefore of essential importance in the order of individual change.

3. Leadership

Q7: *How effective was the leadership of the “new direct” management/top management within the context of the merger?*

Additional questions

- How did you feel the impact of leadership on your personal value, belief and attitude system?
- How was leadership constituted in the context of the merger?

A simple definition of leadership is the art of motivating a group of people to act towards achieving a common goal. Leadership is "organising a group of people to achieve a common goal". The leader may or may not have any formal authority.

Outcome/Results

Since leadership has a great influence on the success or otherwise of a merger, it is important to analyse if and how leadership was done. It is important in this context to find out how the leadership style during the merger was seen and recognised by the interviewee.

It is also of interest how leadership influenced and stimulated the employees in the context of the merger. In the interaction with communication, it can be seen as one of the main influence factors and also a framework for successful change.

4. Process

The process view reflects the development of the reviewed and investigated human functional elements over time. The focus here is on the human functional element which needs a certain amount of time for change to be effected. Important in this context is the direct or indirect influence on other elements which are not at the centre of investigation in the research questions.

Q8: *What was the impact of the merger on the corporate culture?*

Additional questions

- Did you register any changes in organisational attitudes, beliefs and values due to the merger?
- How did these changes take place?
- How would you describe the process?

Organisational culture is an idea in the field of organisational studies and management, which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organisation. It has been defined as "the specific collection of values and norms that are shared by people and groups in an organisation and that control the way they interact with each other and with stakeholders outside the organisation". Ravasi and Schultz (2006) state that organisational culture is a set of shared mental assumptions that guide interpretation and action in organisations by defining appropriate behaviour for various situations.

This definition continues to explain organisational values, described as "beliefs and ideas about what kinds of goals members of an organisation should pursue and ideas about the appropriate kinds or standards of behaviour organisational members should use to achieve these goals".

Outcome/Results

The culture is not seen as the main focus of the research. Instead, it is more like a result that may be generated out of the research. Nevertheless, it is an umbrella function over other elements such as values, beliefs and attitudes. Therefore it is more of a backup function to double-check the outcomes and results generated by the element mentioned earlier.

Q9: *Did the merger have an influence on the relationship between the management level and the operational (worker) level? What was the influence (positive/negative)?*

Additional questions

- What are the impressions you have saved in this context?
- How did they influence your actions and engagement?

The relationship between management and employees is an outcome and result of communication and leadership while the merger takes place. It is therefore important to analyse how this has influenced the interworking and trust between management and workforce.

Outcome/Results

It is a further indicator of what happened in the change process. The influence factors generated out of this can be further analysed in order to obtain the consequent results of the merger.

Q10: *Did the merger have an influence on the value system of the company?*

How would you describe this influence?

Additional questions

- How was this influence expressed?
- What has changed? Can you describe this?
- Why do you think this has changed?
- What, in your view, could be the reasons for this?

The organisational values define the group beliefs and rules that control the management of the company. They represent the institutional philosophy and the support of the cultural organisation.

The main objective of corporate values is to have a framework of reference that inspires and controls the life of the company.

Outcome/Results

The intention of this question is to find out what are the triggers of a possible change in the value systems of companies during mergers. This could then also be used to develop dashboard elements as well as other elements.

Q11: *How effective and efficient was the communication of the “new direct” management/ top management during the merger?*

Additional questions

- How would you describe the communication process during the merger?
- What did you register about the communication in the context of the merger?
- How well did you feel informed by the “direct” management/top management during the merger? Why?

Effective communication is a two-way process – sending the right message that is also being correctly received and understood by the other person/s.

Due to active and continuous communication by management during the merger, integration and identification of the workforce can be generated. The degree and also the kind of communication (what has been communicated and how often) are of interest while doing the research. Also, the generated effect of the communication will be part of the research.

Outcome/Results

The aim is to find out whether the communication was effective or not. Also, it is of interest to gather indications as to how communication influenced other elements of the research.

Q12: *Can you describe how decisions were made while the merger took place from your viewpoint?*

Additional questions

- How do you see the effectiveness of this and why?
- How would you describe the effects on the merger?
- What, in your view, could have been done differently? Why?

The decision-making process within a merger is important since it has influence on the integration and identification of the employees while the merger takes place. It has influence on the status of commitment and also on the level of information flow, especially towards the workforce. This group very often does not have sufficient information to understand and act as expected.

Outcome/Results

The decision-making approach/process has an influence on information and on trust and commitment towards the management and the organisation. It is therefore of great importance to discover this influence and its interaction with other elements.

Appendix 4 – Example individual interview coding

Qualitative interview analysis Wacker Mrs. Diane Terry (Munich)

Question 1: What do you get in mind if you think about the merger / merger process and how was the impact to you?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
1	DT	1	1	Communication of divestiture and buying process took two years	Timeline merger	General	Timeframe joint venture and name of former joint venture partner – DT PH1 (+/-)	Yeah we were a joint venture since 1999 until 2006 the um, divestiture by Aero Products was announced and then in 2008 Wacker bought out the shares of Aero Products, so do you want me to go, I mean do you want me to go back as far as when, when the divestiture was wanted?	+/-
2	DT	2	1	Wacker waited till they got a good buying price	Buying window	General	Wacker waited till they got the joint venture for a good price – DT PH1 (+/-)	Air Products there was nobody but Wacker who could buy the business because they would never reach an agreement, and so Wacker got a very good price and honestly people within the business, we were happy about it because I mean for us the better Wacker did on that price the happier they'd be with the business in the end so.	+/-
3	DT	3	1	I was happy about the smart people who have bought us	Smart buyer, Sensemaking	Personal	Was happy about the smart people who have bought us – DT PH1 (+)	you know if they're gonna buy us I would like them to have a good price, and second of all I was happy because I could see that there were people that were smart that were doing it, and of course you wanna go to a company where you have a respect for the people.	+
4	DT	3	1	The negotiating process with Wacker was very stressful and 2 years long	Stressful negotiation	General	The negotiating process with Wacker was very stressful and 2 years long – DT PH1 (-)	So that was, that was kinda the whole process and like I say, the process itself was, I think honestly stressful I think, taking people through a process that long of two years, you know, there's a very little good that can come out of it a good team will be able to hold themselves together but I think you're also risking a lot just in the personal stress you know that you're putting on people	-
5	DT	3	1	The Wacker team was really more comfortable	Team approach	General	The Wacker team was really more comfortable – DT PH1 (+)	was Wacker, the entire team was really more comfortable, you know feeling like that was the right place for the business to be, and you know at that point for us it was just then, will they keep us, you know being in the US will they keep me in the location I'm in will they, cos they had a location will they make us move will they you know, will they start getting rid of people so at least there was a, a good feeling that it's the right company to be with. There would be some duplication so probably some redundancies so not, not a lot because it was so different	+
6	DT	3	1	Fear to convince Wacker to keep all bought products	Fear	Personal / General	Fear to convince Wacker to keep all bought products – DT PH1 (-)	Um, and then after that the remaining fear was, we knew they were buying us to support their construction polymers business and so would they only want us just to supply them in which case, you know all the other markets wouldn't matter. So you know, coming in that was kinda the remaining point but everyone quickly moved on to, ok now we have to convince them that these other markets are things that they want to be in and they can be profitable and, you know	-
7	DT	3	1	Getting colleagues with persons I have negotiated the transfer prices before	Different relationship	Personal / General	Getting colleagues with persons I have negotiated the transfer prices before – DT PH1 (+/-)	Franz Boneberger, who you saw in the leadership team for the business, um, because I had to negotiate transfer pricing with him. So it was a little funny because they were difficult discussions and we, like I say they were painful to deal with and so then I made myself equally painful and I'm sure he remembers, but honestly when, when uh, the acquisition happened I think his attitude was the same as mine, I'd rather have you on my side than sit across the table from you because you're painful, you know! (laugh)	+/-
8	DT	4	1	Did only know a few people	Few known	Personal	Did only know a few people – DT PH1 (-)	there were technical people, there were people here in Europe that had actually been Wacker and then were Air Products polymers and they were Wacker again, so I only know a couple of people actually so really I only knew Franz and one of the controllers who's now left. So I didn't know people, and there were a lot of people in the business who really didn't know anyone within Wacker.	-
9	DT	4	1	The review of the joint venture contracts did show that the contracts were an advantage to Wacker	Wacker advantage	General	The review of the joint venture contracts did show that the contracts were an advantage to Wacker – DT PH1 (-)	did the transfer pricing and you know ended up, looking into a lot of the joint venture contracts, and uh, even at the time I remember sometimes I'd go to the controller and just, did we sign this?? You know because, and, at the, I could pick out you know flaws from the air products side, that were to the Wacker advantage. And you know I, I would look at the contract and just say you know they knew exactly what they did and I said well you know we missed some things did people read this carefully, you know, so, but then when you, that's the company you're going to you're happy with it	-
10	DT	4	1	The takeover was better for our business, it gives you more opportunities and the business is doing better.	Better business opportunities	General	The takeover was better for our business, it gives you more opportunities and the business is doing better. – DT PH1 (+)	um for me personally, and I think for a lot of people because it was better for the business, then it gives you more opportunities ok. And in the business doing better than you know there's growth and all that	+

11	DT	4	1	A further positive aspect was that we have been bought to support the other business lines	Support others	General	A further positive aspect was that we have been bought to support the other business lines– DT PH1 (+)	Um, I think also another big positive was you know, maybe not so much all the way, not up to the board level, the board bought us to support the other business	+
12	DT	4	1	Our business has got expanded from the other business supplier to an own product producer–	Own business expanded	General	Our business has got expanded from the other business supplier to an own product producer– DT PH1 (+)	But pretty quickly after coming in, um, the, the leadership even on the construction polymers side, but you know [Aner Warnerelz?] from Polymers, they quickly started to say oh no there's more than just supplying this other business. And so that, that was positive over time, that you know we were able to really establish a position for ourselves, um, so that was very positive	+
13	DT	4	1	The pension issue was negative for me personal	Pension issue, sensemaking	Personal	The pension issue was negative for me personal– DT PH1 (-)	Negative side for me, I mean really the, the main thing was again the pension issue. Um, the financial head of that, I mean it's very hard to accept I worked for air products by the time we were sold for over 20 years, and you know long hours and everything else with a certain, you know and there'd be times I'd thought to leave I hadn't left, and so you know I felt I'd had a very high level of commitment and then at that point, to lose that much money	-
14	DT	5	1.2	The appreciation and acceptance for our business increased as we made the turnaround–	Business acceptance	General	The appreciation and acceptance for our business increased as we made the turnaround– DT PH1 (+)	So, as far as what has changed I mean a lot has changed, I mean the big thing for the business like I say is, we really, managed to the board level to change how they viewed us to see us as um, something that could be a growth business and a profitable business and actually help to stabilise um, the entire polymers business and provide cashflow to fund other investments. Um, so I think you know having that turnaround um, was a big accomplishment and in that turnaround I think it also, elevated the appreciation of everybody in the business and so that was positive	+
15	DT	5	1.2	For me personally, the job I have is much better. I mean level wise and responsibility wise, and even I would say that the satisfaction because of the interest level in my job, you know years ago in Air Products –	Personal development, sensemaking, Satisfaction	Personal	For me personally, the job I have is much better. I mean level wise and responsibility wise, and even I would say that the satisfaction because of the interest level in my job, you know years ago in Air Products – DT PH1 (+)	For me personally, I, the job I have is much better. I mean I, not that I, not that I didn't like the other job but I mean level wise and responsibility wise, and even I would say that the satisfaction because of the interest level in my job, you know years ago in Air Products, I had told, in uh, you know, Career Development discussion with the vice president of my division said that I wanted a job like somebody else who was basically doing strategic activities globally.	+
16	DT	6	1.2	A big change was that the business unit vice president was substituted. This was not done right in the beginning –	Management substitution	General	A big change was that the business unit vice president was substituted. This was not done right in the beginning – DT PH1/2 (+)	Um, and then there's, you know there have been other changes, you know Wacker changed out the, um, the business unit vice president, from John Tacke to Peter Sumo, and that was a pretty big change. At the same time, even John Tacke said, for the business it's the best thing, I think it was hard for him personally I know it was, but again in, going even through that change, Wacker's very smart in these things, they um, they didn't do it immediately, they were very careful to understand in detail what they had, and it is a very complicated business if they hadn't done it the way they did they could have really, the business, you can put the business under quickly if you don't know what you're doing. So they waited to make that change and as soon as they made it, immediately um, you know Peter Sumo and Aaron [Aubardere?] you know phonedcall immediately to everyone on the leadership team they got right over to the states, they saw the people in Europe then got to the states, and basically just making sure that people knew you know.	+
17	DT	6	1.2	Beside the business unit vice president change we're not doing other changes, so this was very good at just stabilising things quickly. –	Stable organisation	General	Beside the business unit vice president change we're not doing other changes, so this was very good at just stabilising things quickly – DT PH1/2 (+)	OK yeah we did this change we're not doing other changes, so you know so very good at just stabilising things quickly. And it's important because you know again even the halfway charter, if you have a big change at the top and you don't get the management team stabilised and positive, then even if they're trying to behave very professionally it's not I mean I think you said it earlier to be authentic, and it's not going down the rails in that this is fine, you know it's fine. And that's, that's what you have to have to keep everything stable	+

Predefined Themes

- Organisation
- Individual
- Change process
- Change effects
- Process of sensemaking

Question 2: Did the merger have influenced your personnel belief system? And if so, how?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
18	DT	7	1	In the beginning I felt foolish but it has changed back. I'm very loyal to Wacker now.	Foolish feeling, commitment, attitude, loyalty, sensemaking	Personal	In the beginning I felt foolish but it has changed back. I'm very loyal to Wacker now.- DT PH 1 (+)	Initially I did. I would have said you know I felt a little foolish at the time. You know that maybe I'd been too loyal. Um, but I don't, then over time that's probably changed back, because, you know when I think about now I, I don't think different I'm still very loyal to Wacker now.	+
19	DT	7	1	Through the divestiture I don't think took care of my health	Health, divestiture	Personal	Through the divestiture I don't think took care of my health DT PH1 (+)	The other thing it did though at the time through the divestiture, I don't think took care of my health and myself as well as I should, you know as part of the fact we were being sold we all worked a hell of a lot of hours because again we felt that was the only way to get over to the other side successfully.	+
20	DT	8	2	At the end the changes did me good. Forever I will be more careful with my health	Health, change, sensemaking	Personal	At the end the change did me good. Forever I will be more careful with my health - DT PH1 (+)	I think in the end the change did me good having come out the other side and now what I said that I, you know, now I always, forever I'll be more careful with that type of thing.	+
21	DT	8	1	I'm the right person to deal. I have a lot of change experience-	Change, change experience	Personal	I'm the right person to deal. I have a lot of change experience- DT PH1 (+)	And I, I think I am the right person to deal, I'm not a person that likes change, um, but actually I've gone through more change in my life than most people just in the jobs I had even though I worked in Air Products I was in a huge number of businesses	+
22	DT	9		People from Air Products wanted to fit to the corporate culture of Wacker- DT PH1 (+)	Alignment, Corporate culture	General	People from Air Products wanted to fit to the corporate culture of Wacker- DT PH1 (+)	And I think that the other thing with the team is that you know a lot of people we had been in Air Products for years, and we were very used to being part of a company and being part of something, and so the, I know for me personally and a lot of other people, we wanted Wacker to want us, we wanted to be part of a company, you know and feel like we were part of it, you know we didn't wanna just be a little add on or, you know, different. And I think that it made people more willing to you know adjust some things and change you know to fit the new corporate culture because people worked at Air Products cos they wanted to be part of a large company. You know and they still wanted that and so now we're with Wacker and so yes ok make us really part of the company. So, and it's good attitude to go into it helps	+

Question 3: Have you seen a change in your attitude and how has it been influenced in the context of the merger done

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
23	DT	9	G	I don't think so, since I'm very optimistic and we have done a lot of personality / myer briggs things	Attitude, optimistic, myer briggs, personality	Personal	I don't think so, since I'm very optimistic and we have done a lot of personality / myer briggs things- DT PH G (+/-)	I, you know honestly for me I don't, I don't really think it has, I'm, I've always had to temper it sometimes I think I tend to be more positive, than you know, and I, and I tend to, with a lot of things, um, because, at Air Products we did a lot of personality type, you know myers briggs	+/-
24	DT	10	G	Myer Briggs type indicator was applied at Air Products	Myer Briggs	General	Myer Briggs type indicator was applied at Air Products- DT PH G (+/-)	You know I think Air Products hired mostly this. They either hired when, because they did most, a lot of people in the company and they knew, most people were either ESTJ or an NT	+/-
25	DT	13	1, 2	The merger affected me very much, I felt extremely stressed	Stress, attitude, influence, sensemaking	Personal	The merger affected me very much, I felt extremely stressed- DT PH 1/2 (-)	Yeah I mean how the merger affected me as I was saying earlier um, I felt extremely stressed because um, as I said my husband works for air products, I have three children and at the time you know the, one was starting into high school which is a very bad time to move a child, because of the pension system at Air Products and the golden handcuffs that they put on you and there was no way we could move my husband so depending how the merger went I didn't, you know I didn't know how I'd get an after good job because I couldn't leave the area and so you know I thought I would probably be commuting long distances or I don't know what at the same time I needed to replace the income	-
26	DT	14	1, 2	The behaviour changed because of the stress	Behaviour, stress	Personal	The behaviour changed because of the stress - DT PH G (-)	And that was really how I affected me, work wise I mean work still went well and all that it was just the personal stress. Um, I did recognise my behaviour changes, not going to the gym, na, I didn't realise I was gaining weight initially because I remember at one point I realised on a dress and the dry cleaners had shrunk it. But they hadn't. But I so, and after a while I recognised but I was so, I think I was in such, you know like I say a state that you know, all I could do was just keep working. And it didn't, pay enough attention to the other things. And you know just like or like a merger in general, and now in retrospect you know I definitely, I like it so	-

Question 4: How would you describe the influence of the merger on your personal value system?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
27	DT	14	G	Wacker is a very ethical company. Therefore my ethical, moral values have not been influenced by the merger	Ethical values, Values	Personal	Wacker is a very ethical company. Therefore my ethical, moral values have not been influenced by the merger – DT PH G (+/-) Again, I don't think my ethical or moral, it didn't influence it. I still... you know I still have the same view on right and wrong, I still think when you work for a company it's unethical, not to do the best that you can. Um, and so, none of that's changed and, you know moral wise nothing's changed I mean fortunately Wacker is a very ethical company. So... I mean I feel secure with Wacker I think just because the business is doing well and I think they value the people. Yeah	+/- +

Question 5: To what extend you had to adjust your personnel adjustment as a consequence of the merger?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
29	DT	15	1	My job changed a bit and for a while it was hard because it was not fully resourced	Workload	Personal	My job changed a bit and for a while it was hard because it was not fully resourced – DT PH PH1 (-)	Yeah I did. My job changed quite a bit, and for a while it was very hard because it still wasn't fully resourced for what was expected from it, but now especially at this point in time since Peter Suno has come in, my group is staffed appropriately and we're able to get the things done that we need to do for the business, so, I think it's now it's going very well	-
30	DT	15	1, 2	The big job change was that my former function has been splitted and expanded to world wide responsibility	Job function, job	Personal	The big job change was that my former function has been splitted and expanded to world wide responsibility – DT PH 1/2 (+/-)	Well no my job changed a lot, ok because when the merger happened I had been the codings market manager, for the US, and we ended up splitting up commercial marketing and strategic marketing, so commercial marketing operational pricing contracts that's strategic marketing long term private development regional expansion. And I ended up, um, switching and heading up strategic marketing only you know all the positions weren't filled, ok. So it was actually pretty big changes	+/-
31	DT	16	1, 2	Personal adjustment, because I really felt like way too much was dumped onto me – DT PH 1/2 (-)	Personal adjustment, work load, sensemaking	Personal	Personal adjustment, because I really felt like way too much was dumped onto me – DT PH 1/2 (-)	So and, what I expected out of you know those changes didn't happen initially, didn't get fully staffed and for a long time I really felt like way too much was dumped onto me, but there was no way you could do.	-

Question 6: What do you have learned in the context of the merger? How would you describe the process of your learning(continuous, phases,...)?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
32	DT	16	1, 2	Wacker did a smart leadership approach. They reviewed the business and did hang on and let us make the business	Leadership	General	Wacker did a smart leadership approach. They reviewed the business and did hang on and let us make the business – DT PH 1/2 (+)	I think, I think it's, the leadership on the company being acquired and the acquiring company, it's very important, because the leadership for the company being acquired, they have to be helping the organisation understand we've been bought, we need to adjust, you know and we have, we still have to run this business you know and the, the company acquiring um, again I think Wacker did very well with it because they didn't, you know they were smart enough to know they didn't know, the business. And so they were smart enough to try to hang on you know to the people, and to get in and figure out what it was that they had with what they bought	+
33	DT	17	1	An organisational development manager was hired to support the integration activities – DT PH 1	Change manager, support	General	An organisational development manager was hired to support the integration activities – DT PH 1 (+)	And see, Wacker did that. Amer Wanderize, Silvia her first day she came over to the US as we were being acquired, and I think part of his reasoning in hiring her, because she has background in organisational development was, you know, all this going on.	+
34	DT	17	1	A good cultural fit a made it easy to work for – DT PH 1	Cultural fit	General	A good cultural fit a made it easy to work for – DT PH 1 (+)	I've been in a global job, for me coming in Munich immediately, people treated me very much like, you know they, they wanted me to be part of the team and you know, and then I think it's also culturally, again probably just luck, it was a good fit um, you know the Wacker culture, um, is one for me personally that's been easy for bearing and culture, you know it's, easy, I like the directness you know.	+
35	DT	18	G	Continuous learning in phases	Learning	General	Continuous learning in phases – DT PH G (+/-)	I think that learning has really been continuous because you know and somewhat in phases because, again initially there were required Arno and certain people, Sylvia, Manfred Zeal like there were immediate touch points to try and get some people from you know we called like overseer vintage Wacker integrated into us to help under- so they had someone feeding back that understood us and we had some kind of a line in, but they didn't start changing all kinds of people.	+/-

36	DT	18	1/2/3, G	A good pace of change not too fast and not too slow	Change pace	General	A good pace of change not too fast and not too slow – DT PH 1/2/3 G (+)	but they didn't start changing all kinds of people. Then over time they did, we started changing some people and so that's why I say it was kind of in phases so, you know as, as we made other organisation changes we integrated people that had always been with Wacker and I purposely have hired people in from other parts of Wacker just to try to get you know so that it's just Wacker. You know. And then Peter still hadn't come in yet so you know it has gone kind of in phases, but it's been you know it's been at a good pace, not too quick but not too slow and both sides always viewing it as trying to pull so that it's just Wacker you know, and good.	+
37	DT	18	1, 2	The change in Management was done very sensitive and not right in the beginning.	Change management	General	The change in Management was done very sensitive and not right in the beginning. – DT PH 1/2 (+)	Right well that's what I say I mean the switch, the switch over to Peter Sumo, I mean yeah, they didn't do it right away and I think at the same time you know it's one of those things again, being thanking and [feeling?] they did the right thing	+

Question 7: How effective was leadership of the "new direct" management / the top management within the context of the merger?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
38	DT	19	G	Effective leadership, don't make changes too quickly – DT PH G (+)	Leadership	General	Effective leadership, don't make changes too quickly – DT PH G (+)	Actually in this case they were both extremely effective because again they, you know, didn't make changes too quickly, all through the levels, very high work ethic and commitment to the business I mean so it was very consistent behaviour	+
39	DT	19	1, 2	Stable leadership – DT PH 1/2		General	Stable leadership – DT PH 1/2 (+)	Yes, because they kept John Tacke, John kept his leadership team, there were some organisational changes within the marketing but um, but that was stable. Um, at the same time you know part of the reason they could do that is, you know they did know John Tacke to some extent because of the joint venture because he'd been on the board for WPS, pretty sure that's what it was he was part of the board meetings for WPS at least.	+
40	DT	20	1, 2	The leadership has reinforced a lot of my beliefs and value system	Leadership, sensemaking	Personal	The leadership has reinforced a lot of my beliefs and value system – DT PH 1/2 (+)	I mean it probably just reinforced a lot of my beliefs and value system you know because again the work ethic, you know, to me that I mean the, it's almost a moral question I mean if you have a bad work ethic I mean, to me that's a little immoral it's not right. Um, And that was supported all the way round so if anything it reinforced it	+
41	DT	20	1	When we have been divested they let us run. It needed a little adjustment till we have been acquired	Organisation	General	When we have been divested they let us run. It needed a little adjustment till we have been acquired – DT PH 1 (+)	Well, well, it didn't change, when we, when we were being divested, Air Products left us to run ourselves, so there was a little period of adjustment then being acquired, to again recognise you know we can't just do whatever we want now. I mean it was kind of funny we were being divested but really they didn't get involved in almost any decision we made. You know, um, but it	+
42	DT	21	1	After we have been divested Air products wanted to keep people to assure the success of the company till it was sold	Organisation, strategy	General	After we have been divested Air products wanted to keep people to assure the success of the company till it was sold – DT PH 1 (+)	Well but we weren't doing that well when we were being divested. I think, I think part of the reason was because they, they knew, that the most critical factor in successfully selling the business was keeping the people that was a lot of the value in the business, and Air Products also knew that if the business wasn't managed well it'd go under quickly and they knew the leadership team, running the business, and I think for them they also trusted the people, wouldn't let the business go under because ethically they couldn't handle it. It, I, you know, I mean all of us like I say so many years with Air Products, you know they knew the people they knew that there was no one there that could just say well then I just want work I'll just sit in my office all day and make phonecalls, they knew we couldn't do that, that wasn't the people they had. So I think that was part of it and I think also it was being sold, they were comfortable it was being run and they wanted to go on to the next things. You know, that would be important in their future you know	+

Question 8: How was the impact of the merger on the corporate culture?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
43	DT	21	1	Differentiation between international acting and cultural aspects and the US domestic acting	Culture	General	Differentiation between international acting and cultural aspects and the US domestic acting – DT PH 1 (-)	Ok. So they're there dealing with Americans and they're going through culture shock, I deal globally a lot with Munich, and I don't.	-

44	DT	21	1, 2	The US culture was more micromanagement compared to the international Wacker culture – DT PH 1/2 (-)	Cultural fit	General	The US culture was more micromanagement compared to the international Wacker culture – DT PH 1/2 (-)		-
45	DT	22	G	Important description about the headquarters in the US	Organisation	General	Important description about the headquarters in the US – DT PH G (+/-)	They, they to me behave more as um, an American company that's dealt with unions a lot. And so the way they set policies and the way they, I mean they, they you know they micromanage sometimes and get down into minutiae, you know that I don't see in the broader Wacker. Corporate Wacker.	+/-
46	DT	23	1, 2	For me no personal change in attitude, beliefs and values	Attitude, beliefs, values	Personal	For me no personal change in attitude, beliefs and values – DT PH 1/2 (+/-)	I mean for, like I said for myself personally no, but yeah. I mean, since I sit in the US you know I think those people have gone through a lot of adjustment, but I don't, I don't think it's changed your beliefs.	+/-
47	DT	23	1, 2	For the people sitting in the US and acting in the US they had a lot to adjust.	Adjustment, Organisation	General	For the people sitting in the US and acting in the US they had a lot to adjust. – DT PH 1/2 (-)	I mean for, like I said for myself personally no, but yeah. I mean, since I sit in the US you know I think those people have gone through a lot of adjustment, but I don't, I don't think it's changed your beliefs.	-

Question 9: Did the merger have influenced on the relationship between the management and the operational (worker) level? How was it influenced (positive / negative)?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
48	DT	23	1, 2	The relationship has not changed between management and operational level.	Relationship	General	The relationship has not changed between management and operational level. – DT PH 1/2 (+/-)	the air products had done a lot of work on you know, you know myers Briggs was one small thing there was a lot on treating people with respect you know how to speak to people you know, not politically, not the normal American politically correct but you know, right. How to get the best performance out of people so they had a lot of focus on that. And you know, trying to make it part of the corporate culture that you know everybody's equal.	+/-
49	DT	23	1, 2, 3	Within Wacker you don't feel the hierarchical level if you talk to people.	Corporate culture, leadership, relationship	General	Within Wacker you don't feel the hierarchical level if you talk to people. – DT PH 1/2/3 (+/-)	within Wacker, when I've gone to hire I've always gotten a good response because people really seem to enjoy the business units the way we deal with each other and you know people. I mean and there's a hierarchy but it isn't, you don't feel it when you talk to people necessarily, and they think also because um, it's probably one of the most multinational you know areas of Wacker.	+/-
50	DT	24	1, 2, 3	A very respectful treatment approach from Wacker supported the corporate culture approach	Respectful treatment, corporate culture	General	A very respectful treatment approach from Wacker supported the corporate culture approach – DT PH 1/2/3 (+/-)	I think, you know, we ended up with such a good mix of the way people are. And I don't know if it's Wacker culture or Bavarian culture, German culture like I said earlier even though it's direct it's not disrespectful it's not condescending you know	+/-
51	DT	24	1, 2	The merger had not influenced the company value system	Corporate value system	General	The merger had not influenced the company value system – DT PH 1/2 (+/-)	I really don't, again I really don't think it did. Um, you know I, because you know the value system within work with a lot of people that come from that thinking personality type you know, it's a lot about you know the business doing what's right for the business and, if anything, it's just, I think people are more satisfied because their, there's enough investment in the business in Wacker to do the things that we always thought we could do for the business.	+/-
52	DT	25	G	Overall the work conditions, respect, self satisfaction have improved, except that they now have to punch the time clock	Work conditions, respect, self satisfaction	General	Overall the work conditions, respect, self satisfaction have improved, except that they now have to punch the time clock – DT PH G (+/-)	Overall it's improved again, for the US piece, I think it's hard because sometimes, some of the things they did like um, they made everybody that was um, that was non exempt from labour laws, they make them punch a time clock now. They hadn't punched a time clock at Air Products for years.	+/-
53	DT	25	3	We have now a mixed culture the Adrian-Wacker culture in our organisation	Corporate culture, mixed corporate culture	General	We have now a mixed culture the Adrian-Wacker culture in our organisation – DT PH 3 (+/-)	I think, in that, in that case is the Wacker Adrian culture. It's not Wacker culture, and that's the whole reason for it, and they're sure they're right and I don't think anybody in the US there is no way to change it so.	+/-
54	DT	26	1, 2	The US union politic topic is influencing the Wacker Corporate culture approach – DT PH 1/2 (-)	US union, corporate culture	General	The US union politic topic is influencing the Wacker Corporate culture approach – DT PH 1/2 (-)	we go through a little turmoil because there's a policy thing like that, you know or there's a policy thing where they say, ok you, you know, people can't work from home you're not working if you're not in the office and they don't let anybody, only certain people have a laptop because then you definitely can't work from home you know. So it's, for the most the time for everybody I think they experience the broader Wacker culture and then every so often we get a policy in the US that's an issue.	-
The US union politic topic is influencing the Wacker Corporate culture approach – DT PH 1/2 (-)									

Question 10: How effective was communication while the merger?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
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55	DT	28	G	The communication from and to the leader is good. He listen and you get a voice.	Communication	General	The communication from and to the leader is good. He listen and you get a voice. – DT PH G (+)	ok but for the decisions that are at the business level there is a lot of control because Peter is very good at you know listening to other people and not that he's always gonna agree at all you know with everything said but he'll listen to the discussion and you definitely get a voice because you get a chance to say how you think it should be, but it covers everything on the organisation you know we last year made a number of additional organisational changes, HR topic, you know people in different roles.	+
56	DT	29	1	While the divestiture there was constant communication and discussion to keep the people together	Divestiture, constant communication	General	While the divestiture there was constant communication and discussion to keep the people together– DT PH 1 (+/-)	Yeah so like during, during the divestiture, the leadership team I mean it was a constant discussion point of hiding the people together you know so that was always discussed, what are we you know, what do we communicate ok what can we say what can't we say, you know all that kind of thing, you know even silly things like we need or have a happy hour once a month to let people go out, it could be anything, um.	+/-
57	DT	30	1, 2	I felt always good informed	level of information	Personal	I felt always good informed– DT PH 1/2 (+)	Well for myself and I think this is still the case, I end up getting a lot more information, than other people and sometimes I'm a little blind to that, so it's actually something I try to work on right now.	+
58	DT	30	1, 2	The top management communication was good	Top management communication	General	The top management communication was good–DT PH 1/2 (+)	Well Arno, Arno was more the top management that would communicate to us. Um, and I think though, I think that was. But the board would I mean there were communication sessions like one of the board members always has, they each have a different region and they do you know travel to the regions and communicate and even during the acquisition you know they would come and you know a talk, so I think, I think they did well, especially when you consider um, they had to provide a balanced message because really at the time they bought it, the, or bought out air products you know to protect the construction business and I think it did a good job	+
59	DT	30	1, 2	Respectful Top management communication	Respectful top management communication	General	Respectful Top management communication – DT PH 1/2 (+)	And so it, you know a very good balanced message you know good communication information, again treating with respect, but you know particularly at the time because if you want a business was not that it was gonna be you know growth and profitable you know so they did a good balance on it.	+

Question 11: Can you describe how decisions have been made while the merger took place from your point of view?

ID	Owner	Page	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
60	DT	31	1, 2, 3	The decision have been made very rational and business oriented	Decision making	General	The decision have been made very rational and business oriented– DT PH 1/2/3 (+/-)	... and from my point of view it's all, you know very rational and business oriented on both, on all three sides, so on you know Wacker's side, Air Products side and within the group being acquired, um, I've, that's, that's how all decisions took place, at the same time you know I, it's not that they weren't at all sensitive to people, um, they made rational decisions you know and this is something Wacker always does and I agree with it because of my personality type you know you make the business decision based on what's best for the business, ok	+/-
61	DT	31	1, 2, 3	Effective decision making. They did what is best for the business with a good balance of business view and human view	Decision making, Business	General	Effective decision making. They did what is best for the business with a good balance of business view and human view– DT PH 1/2/3 (+/-)	because it did what's best for the business and there's, there's something else to even talk about anymore, you know and I think, because they dealt, you have to deal with the profitability side the business side but then they also did things to deal with the human side you know so they had a good, they had a good balance on it	+/-
62	DT	31	1, 2, 3	Decision have been made based on what is best for the business	Decision making, Business	General	Decision have been made ere best for the business – DT PH 1/2/3 (+/-)	I mean like I say I think it's absolutely best for the business, you know I, if you look at our profitability trajectory and what we've done and from all that the motivation and satisfaction of the employees you know looking at what we've done, it's all, it's a positive	+/-
63	DT	31	1	Not to change everything in the beginning was right. I would have bought quicker	Stable organisation, change	General	No to change everything in the beginning was right. I would have bought quicker. – DT PH 1 (-)	I mean like I say it was absolute right thing to not try to change everything when they came in and, you know or brought us in, and, but then ultimately to keep things moving to complete integration, so I, I really, I still right now can't think of anything you told me to go back and do differently. I would have liked it if they had bought us quicker because the two years was hard but at the same time, that was the right thing to do for the negotiation, they positioned it properly	-
64	DT	32	1	I took two years between the announcement and they have bought the company	Announcement, Process,	General	I took two years between the announcement and the bought– DT PH 1 (-)	Two years, they announced we were being sold, they aligned all the employees to the business so I could leave Air Products but I couldn't go to another part of Air Products and get a job, if like	-

Appendix 5 – Example company interview coding – Lindeman

Qualitative interview analysis Wacker edited_Burghausen_Germany

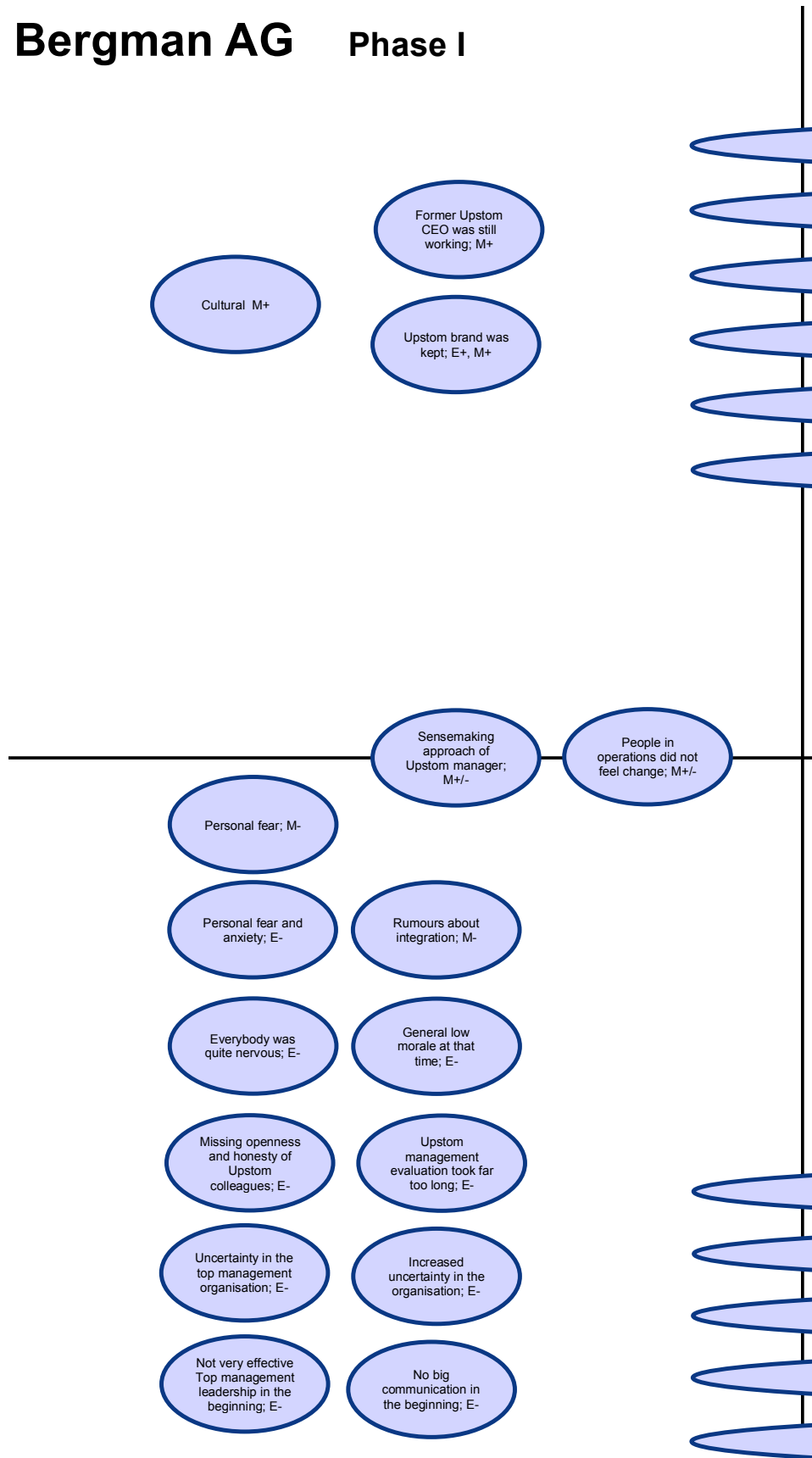
Overall ID	ID	Owner	EKT	Phase	Code	Second order code	Origin	Narrative	Passage in text	Evaluation
1	1	DT	Pass.Emp. Integrated	1	Communication of disclosure and buying process took two years	Timeline merger	General	Timeframe joint venture and name of former joint venture partner: – DT PH1 (+/-)	Yeh we were a joint venture since 1999 until 2006 the um, divestiture by Aero Products was announced and then in 2008 Wacker bought out the shares of Aero Products so do you want me to go, I mean do you want me to go back as far as when, when the divestiture was announced	+/-
2	2	DT	Pass.Emp. Integrated	2	Wacker waited till they got a good buying price	Buying window	General	Wacker waited till they got the joint venture for a good price) – DT PH1 (+/-)	Air Products there was nobody but Wacker who could buy the business because they would never reach an agreement, and so Wacker got a very good price for it. And then after that, I think Wacker had some support from the other side, like the better Wacker did on that price the higher their share was.	+/-
3	3	DT	Pass.Emp. Integrated	3	I was happy about the smart people who have bought us	Smart buyer, Sensemaking	Personal	We was happy about the smart people who have bought us- DT PH1 (+)	second of all if they're gonna buy I would see them to have a good price and second of all that was kind the whole process and like I say, the process itself So, that was, that was kind the whole process and like I say, the process itself was, I think horribly stressful I think, taking people through a process that long of two years, you know, there, there's a very little good that can come out of it a good team will be able to hold themselves together but I think you're asking a lot just in the personal stress you know that you're putting on	+
4	4	DT	Pass.Emp. Integrated	3	The negotiating process with Wacker was very stressful and 2 years long	Stressful negotiation	General	The negotiating process with Wacker was very stressful and 2 years long– DT PH1 (+)	So that was, that was kind the whole process and like I say, the process itself was, I think horribly stressful I think, taking people through a process that long of two years, you know, there, there's a very little good that can come out of it a good team will be able to hold themselves together but I think you're asking a lot just in the personal stress you know that you're putting on	-
5	5	DT	Pass.Emp. Integrated	3	The Wacker team was really more comfortable	Team approach	General	The Wacker team was really more comfortable – DT PH1 (+)	like that was just then, well they kept us, you know being in the US will they like that was the right place for the business to be, and you know at that point for us it was just then, well they kept us, you know being in the US will they	+
6	6	DT	Pass.Emp. Integrated	3	Fear to convince Wacker to keep all bought products	Fear	Personal / General	Fear to convince Wacker to keep all bought products – DT PH1 (-)	Um, and then after that the remaining fear was, we knew they were buying us to support their construction polymers business and so would they only want us just to supply them in which case, you know all the other markets wouldn't matter. So you know, coming in that was kinda the remaining point but everyone quickly moved on to, ok now we have to convince them that these	-
7	7	DT	Pass.Emp. Integrated	3	Getting colleagues with persons I have negotiated the transfer prices before	Different relationship	Personal / General	Getting colleagues with persons I have negotiated the transfer prices before – DT PH1 (+/-)	Franz Boneberger, who you saw in the leadership team for the business, um, he was doing the pricing work and he was the one who was the main person because they were difficult decisions to make, we like I say, they were hard to deal with and so then I made myself equally painful and I'm sure he remembers, but honestly when, when uh, the acquisition happened I think his attitude was the same as mine, I'd rather have you on my side than there were technical people, there were people here in Europe that had actually been Wacker and then were Air Products polymers and they were Wacker again, so I only know a couple of people actually so really I only knew Franz and one of the controllers who's now left. So I didn't know people and there were a lot of people in the business who really didn't know anyone within Wacker.	+/-
8	8	DT	Pass.Emp. Integrated	4	Did only know a few people	Few known	Personal	Did only know a few people – DT PH1 (-)	there were technical people, there were people here in Europe that had actually been Wacker and then were Air Products polymers and they were Wacker again, so I only know a couple of people actually so really I only knew Franz and one of the controllers who's now left. So I didn't know people and there were a lot of people in the business who really didn't know anyone within Wacker.	-
9	9	DT	Pass.Emp. Integrated	4	The review of the joint venture contracts was an advantage to Wacker	Wacker advantage	General	The review of the joint venture contracts did show that the contracts were an advantage to Wacker – DT PH1 (-)	did the transfer pricing and you know ended up, looking into a lot of the joint venture contracts and then I said, well, at that time I'd be the controller and just did we sign that?" You know because, and at the I could pick out you know flaws from the air products side, that were to the Wacker advantage. And you know I, I would look at the contract and just say you know they knew exactly what they did and I said well you know we missed some things did people read this carefully, you know, so, but then when you, that's the company you're going to your're happy with it	-
10	10	DT	Pass.Emp. Integrated	4	The takeover was better for our business, it gives you more opportunities and the business is doing better	Better business opportunities	General	The takeover was better for our business, it gives you more opportunities and the business is doing better – DT PH1 (+)	um for me personally, and I think for a lot of people because it was better for the business, then it gives you more opportunities ok. And in the business doing better than you know there's growth and all that	+
11	11	DT	Pass.Emp. Integrated	4	A further positive aspect was that we have bought to support the other business lines	Support others	General	A further positive aspect was that we have bought to support the other business lines– DT PH1 (+)	Um, I think also another bit positive was you know, maybe not so much all the way, not up to the board level, the board bought us to support the other But pretty quickly after coming in, um, the, the leadership even on the construction polymers side, but you know [Arner Warner etc?]. From Polymers,	+
12	12	DT	Pass.Emp. Integrated	4	Our business has got expanded from the other business supplier	Own business expanded	General	Our business has got expanded from the other business supplier to an own product producer–	Negative side for me, I mean really, the main thing was again the pension issue. Um, the financial head of that, I mean it's very hard to accept I worked for air products by the time we were sold for over 20 years, and you know long hours and everything else with a certain, you know and there d be times where I thought, well, you know, I mean I don't know if it was a very high level of commitment and then at that point, to lose that much money	-
13	13	DT	Pass.Emp. Integrated	4	The pension issue was negative for me personal	Pension issue, sensemaking	Personal	The pension issue was negative for me personal – DT PH1 (-)		

256	55	Dr. Bron	Pas. Employee Integrating	27	1, 2, 3	I think Mr. van der Elz as BU Wacker head made a great job. We had a lot of communication workshops. We as management team were visiting a lot of plants. This was called the world coffee tour. This was an idea of an external consultant. We had pin board on coffee tables. We also had question and answers at this visit. This was very good organized. - Bron Ph 1, 2, 3 (+)	Communication workshops, plant visits, world coffee tour, Questions and answers.	General	I think Mr. van der Elz as BU Wacker head made a great job. We had a lot of communication workshops. We as management team were visiting a lot of plants. This was called the world coffee tour. This was an idea of an external consultant. We had pin board on coffee tables. We also had question and answers at this visit. This was very good organized. - Bron Ph 1, 2, 3 (+)	Also das (denk ich 00:26:58-2), hat er sehr gut gemacht. Wie gesagt, es gab zahlreiche Workshops. Und er ... und dann teilweise auch die ganze Runde sind wirklich, die ganzen Standorte abgeklappert, haben ... wie hat sich das Bernier hat so ein Dings, wo's um Sehtische rum und mit Pinwände und so weiter. Und das glaube ich, haben wir zweimal gemacht oder was, wirklich alle Standorte abfragen, aufgenommen, Questions and Answers und so weiter. Also war das gut gemacht und hat keinen Wert verloren. Wie gesagt, Problem von Luft's (Oberbühlbach) ist, dass es ein bisschen anders, und ich bin auch ein anderer Typ vielleicht ein bisschen anders, und ich bin auch ein anderer Typ	+
257	56	Dr. Bron	Pas. Employee Integrating	27	2, 3	This communication was very good planned. As said supported by external consultants. He has then setup a newsletter and so on. All this kind of tools - Bron Ph 1, 2, 3 (+/-)	Planned communication, newsletter	General	This communication was very good planned. As said supported by external consultants. He has then setup a newsletter and so on. All this kind of tools - Bron Ph 1, 2, 3 (+/-)	Mhm, sehr sehr ... sehr gut geplant. Wie gesagt ah ... mit Berater unterstützt. Der hat dann so eine Newspaper oder einen Newsletter oder was aufgesetzt und so weiter, also alle diese Tools ah ... sind verwendet worden.	+
258	57	Dr. Bron	Pas. Employee Integrating	28	1, 2, 3	I was good informed because I was involved into the project team as the interacting unit - Bron Ph 1, 2 (+)	Information level	Personal	I was good informed because I was involved into the project team as the interacting unit - Bron Ph 1, 2 (+)	Sicher ... sehr gut informiert, ja. Weil ... ich hab halt mit der Rolle gehabt des Übernehmenden. Also ich war voll eingebunden in dem Projektteam.	+
259	58	Dr. Bron	Pas. Employee Integrating	29	1, 2	Certain things were already decided. There were special data, when SAP will be switched over also at what time the legal entities were transferred and started new. Bron Ph 1, 2 (+)	Decision making	General	Certain things were already decided. There were special data, when SAP will be switched over also at what time the legal entities were transferred and started new. Bron Ph 1, 2 (+)	Ich mein fest stand, dass man ... und es gab gewisse Daten natürlich, also wann das SAP umgestellt und keine Ahnung und mussten ja Legal Entities aufgelöst und neu gemacht werden. Da gab's sicher einen Terminplan natürlich	+
260	59	Dr. Bron	Pas. Employee Integrating	29	2	All the other things have been decided very early. It was all decided by the beginning of the project. I was involved into the project team as the interacting unit - Bron Ph 1, 2 (+)	Decision making. Open discussions, cooperation, time consuming, feel integrated	General	All the other things have been decided very early. It was all decided by the beginning of the project. I was involved into the project team as the interacting unit - Bron Ph 1, 2 (+)	Der Rest wurde meiner Meinung nach sehr sehr offen gestaltet, ja. Nicht von vornherein alles festgelegt, sondern wir waren ... in dem Prozess und man zu hören, was man sagt. Also da gab's schon sehr wertes Engagement gegenüber den neuen Kollegen. Ah ... und auch eine gewisse Engpassfreiheit, wenn man's genau macht, natürlich nicht, dass man nicht die Grundstrukturen von Wacker ändert. Aber ich glaube, es war nicht bloß Slow, dass man den anderen das Gefühl gibt, sie können gewisse Dinge mit festlegen, sondern das war ehrlich gemeint. Es hat dann natürlich auch relativ lange gedauert und kostet mehr Diskussion, als wenn man reingeht und sagt ... Ja, das ist so und so und so und so (00:29:26-7). Das ist der einfach, schmale Prozess, aber der vielleicht auch mehr Widerstände gibt. Also ich denke, da sind wir sehr sehr offen reingegangen	+
261	60	Dr. Bron	Pas. Employee Integrating	30	1, 2, 3	Looking five years back it has worked out very well. The decisions have been right. If you go into the discussions result open the it takes longer but assures that all the involved persons support the decision - Bron Ph 1, 2, 3 (+)	Decision making, worked out well, time consuming, supported decisions	Personal	Looking five years back it has worked out very well. The decisions have been right. If you go into the discussions result open the it takes longer but assures that all the involved persons support the decision - Bron Ph 1, 2, 3 (+)	Ja ... jetzt nochmal, aus der Mille von fünf Jahren zurückblickend, ist es gut weil. Die Entscheidungen waren richtig. Wenn man da reinschaut, aber das hat ich ja grad schon gesagt, wenn man's mehr ergebnisorientiert und einbezogen und mit Diskussionen macht, dann dauert's halt etwas länger, ja	+
262	61	Dr. Bron	Pas. Employee Integrating	30	1, 2	The process took longer about 1.5 years till everything was settled, as if you would say this everything was good, of course more work and it took longer. What I can not say is how less resistant was generated by doing that - Bron Ph 1, 2 (+)	Decision making, worked out well, time consuming, worked out well, time consuming.	General	The process took longer about 1.5 years till everything was settled, as if you would say this everything was good, of course more work and it took longer. What I can not say is how less resistant was generated by doing that - Bron Ph 1, 2 (+)	Also sagen wir mal, der Prozess hat sich ... dann vielleicht schon länger hingelegt über einmahl Jahre, bis das Meiste „gesettelt“ war, als wie es war gut, aber ... natürlich etwas mehr Aufwand und etwas länger. Was ich natürlich nicht beurteilen kann, wie viel macht's aus, dass deshalb die Widerstände geringer sind, ja. Das ... das kann man ja bloß abschätzen	+/-
263	62	Dr. Bron	Pas. Employee Integrating	30	1, 2	Also it was good, of course more work and it took longer. What I can not say is how less resistant was generated by doing that - Bron Ph 1, 2 (+)	Decision making, worked out well, time consuming.	General	Also it was good, of course more work and it took longer. What I can not say is how less resistant was generated by doing that - Bron Ph 1, 2 (+)	Also es war gut, aber ... natürlich etwas mehr Aufwand und etwas länger. Was ich natürlich nicht beurteilen kann, wie viel macht's aus, dass deshalb die Widerstände geringer sind, ja. Das ... das kann man ja bloß abschätzen	+
264	63	Dr. Bron	Pas. Employee Integrating	30	1, 2, 3	The fluctuation was there, but very less - Bron Ph 1, 2, 3 (+)	Fluctuation	General	The fluctuation was there, but very less - Bron Ph 1, 2, 3 (+)	Ja ... Fluktuation war ... war vorhanden, aber relativ gering, ja	+

265	64	Dr. Bron	Pass. Employee Integrating	30	1, 2	The fluctuation was very low. To generate synergies as often communicated as one target of an merger was here not the case. The target was only to generated additional business and to have more power in the served markets. We had only a few position that were cancelled. But we have offered every person alternative jobs. – Bron Ph 2, 3 (+/-)	Fluctuation, synergies, additional business, more power, alternative jobs	General	The fluctuation was very low. To generate synergies as often communicated as one target of an merger was here not the case. The target was only to generated additional business and to have more power in the served markets. We had only a few position that were cancelled. But we have offered every person alternative jobs. – Bron Ph 2, 3 (+/-)	War relativ gering. Und ... es gab sie wahrscheinlich. Ich mein ... der Sinn oft ist ja eben so bei so Mergers und so Zeug, dass man die herkömmlichen Synergien ... das war ausdrücklich, das wurde auch gezeigt, nicht das Ziel, Synergien zu haben, sondern einfach das zusätzliche Geschäft zu haben, ja. Und da ... als größere Ah ... Macht am Markt aufzutreten, aber jetzt nicht so, wie bei den Banken oft. „Ja, da brauche ich den Abrechner nicht mehr und den Controller nicht ...“ Und es gab ganz wenige Stellen und ... ich mein, man hat keinen Rückschlüssen, man hat jedem was angeboten.	+
266	65	Dr. Bron	Pass. Employee Integrating	30	1, 2, 3	The most employees were in my organisational unit, about 300-350 employees. We have lost integration. The expansion was horizontal. – Bron Ph 1, 2 (+/-)	Organisational setup	Personal	The most employees were in my organisational unit, about 300-350 employees. We have lost integration. The expansion was horizontal. – Bron Ph 1, 2 (+/-)	Die meisten waren eh bei mir in der Produktion. Also ... (zählt leise) ... sind so 300, 350 ... ich weiß die Zahl nicht genau. Und da haben wir vielleicht ein- Nenn, vertikal haben wir uns nicht erweitert, sondern horizontal. „Ja, ja. Neue Produkte teilweise, neue Märkte natürlich. In den USA waren wir logischerweise nicht besonders stark, wenn wir keine Produktion hätten, ja.	+/-
267	66	Dr. Bron	Pass. Employee Integrating	31	1, 2	No, we have not vertical expanded by the integration. The expansion was horizontal. – Bron Ph 1, 2 (+/-)	General, Organisational setup	General	No, we have not vertical expanded by the integration. The expansion was horizontal. – Bron Ph 1, 2 (+/-)	Nenn, vertikal haben wir uns nicht erweitert, sondern horizontal. „Ja, ja. Neue Produkte teilweise, neue Märkte natürlich. In den USA waren wir logischerweise nicht besonders stark, wenn wir keine Produktion hätten, ja.	+/-
268	67	Dr. Bron	Pass. Employee Integrating	31	1, 2	That was regional, the major thing was regional differentiation or expansion. That we had on new locations plants to serve new markets. – Bron Ph 1, 2 (+/-)	General, Organisational setup	General	That was regional, the major thing was regional differentiation or expansion. That we had on new locations plants to serve new markets. – Bron Ph 1, 2 (+/-)	Also das war regional ... hauptsächlich war's regionale Differenzierung oder Erweiterung, dass wir an neuen Stellen Anlagen hatten und damit auch die Märkte bedienen konnten.	+/-
269	68	Dr. Bron	Pass. Employee Integrating	32	General	I can only say that it worked out very well. Another alternative could be to make it more stringent and more directive. But that are details. – Bron Ph 1, 2, 3, G (+/-)	General, Organisational setup	General	I can only say that it worked out very well. Another alternative could be to make it more stringent and more directive. But that are details. – Bron Ph 1, 2, 3, G (+/-)	Ich kann bloß sagen, es ist gut gelaufen, ich würd's jetzt ... ich würde mir auch nicht ummalen ... weil nachdem ich ja den Prozess so was nicht zentral gesteuert hab, aber ich würde mir jetzt auch nicht ummalen, zu sagen, das macht man anders. Also eine andere Alternative wäre halt, etwas stringenter und direkter vorzugehen. Aber das sind Details oder irgendwas, ja	+/-

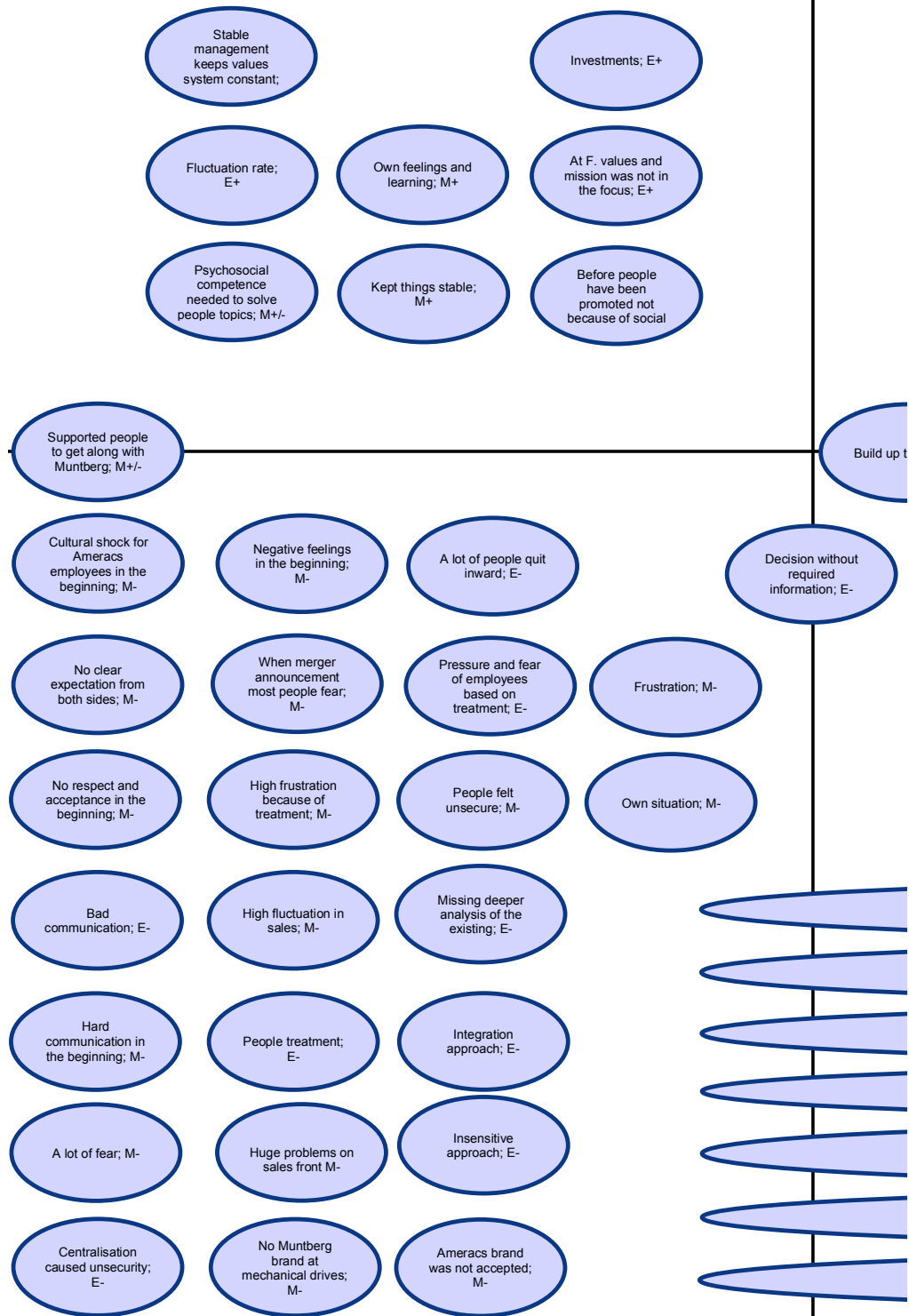
Appendix 6 – Case study integration charts – Phase 1

Bergman AG Phase I

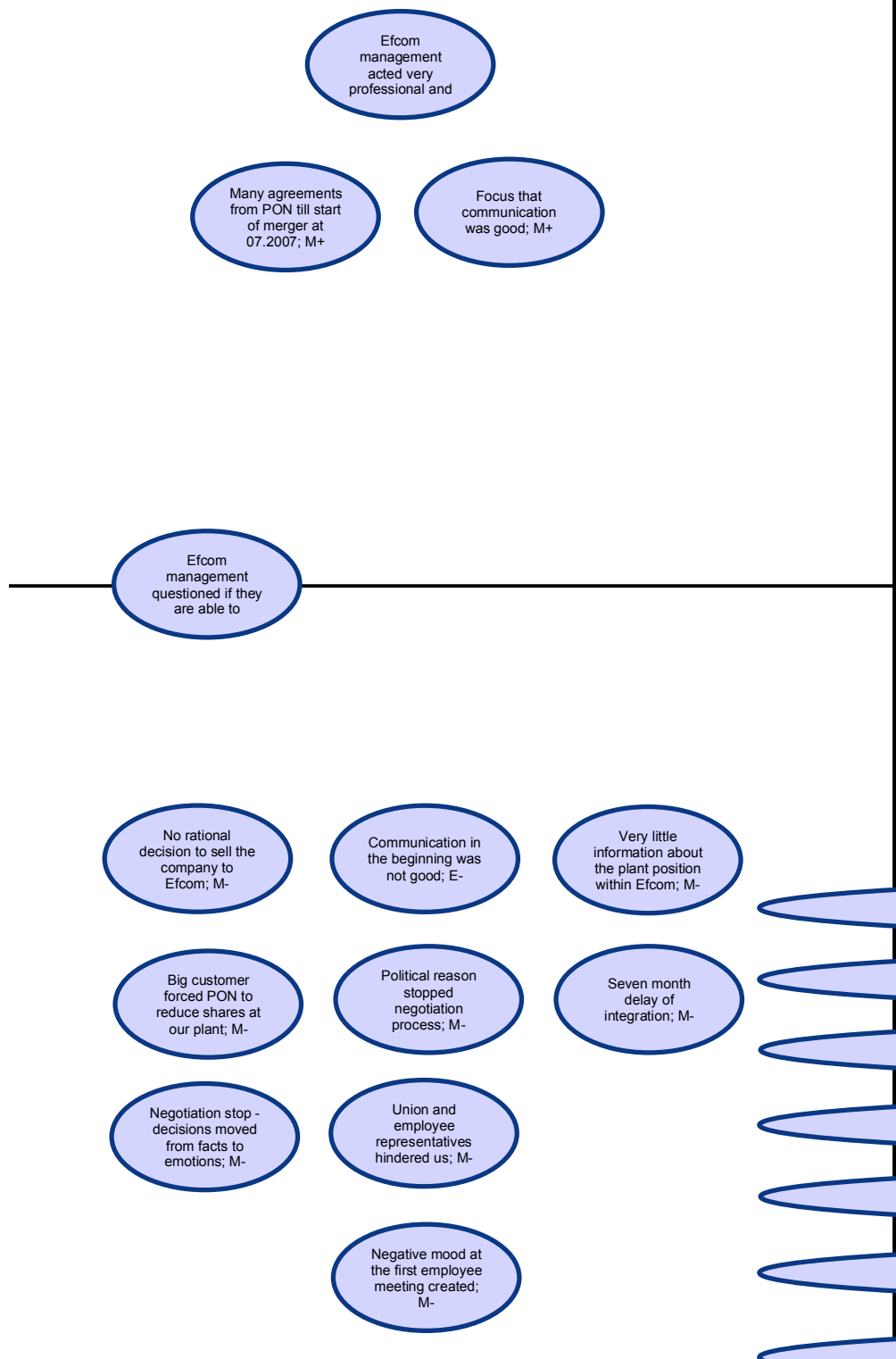


Muntberg AG Phase I

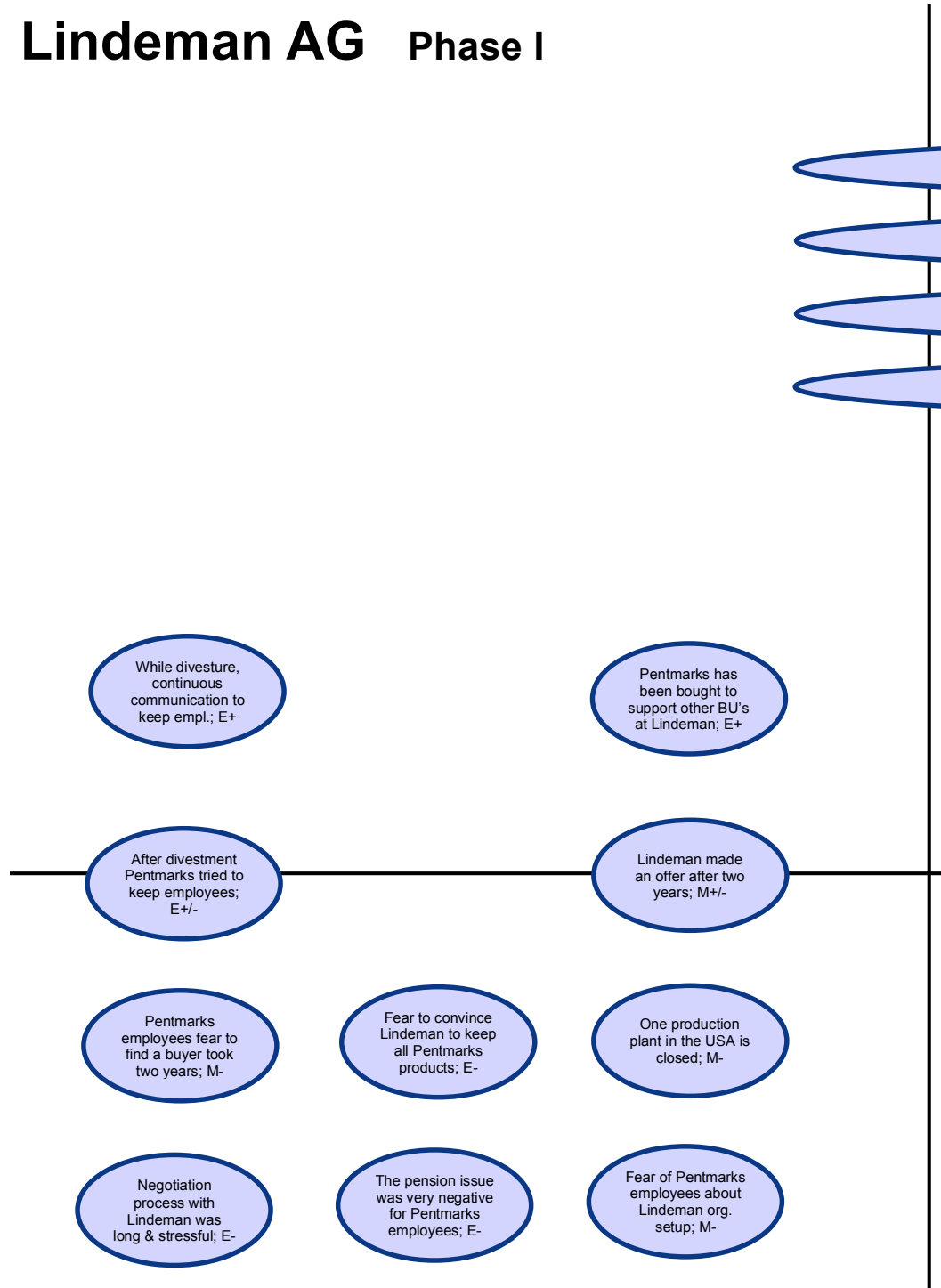
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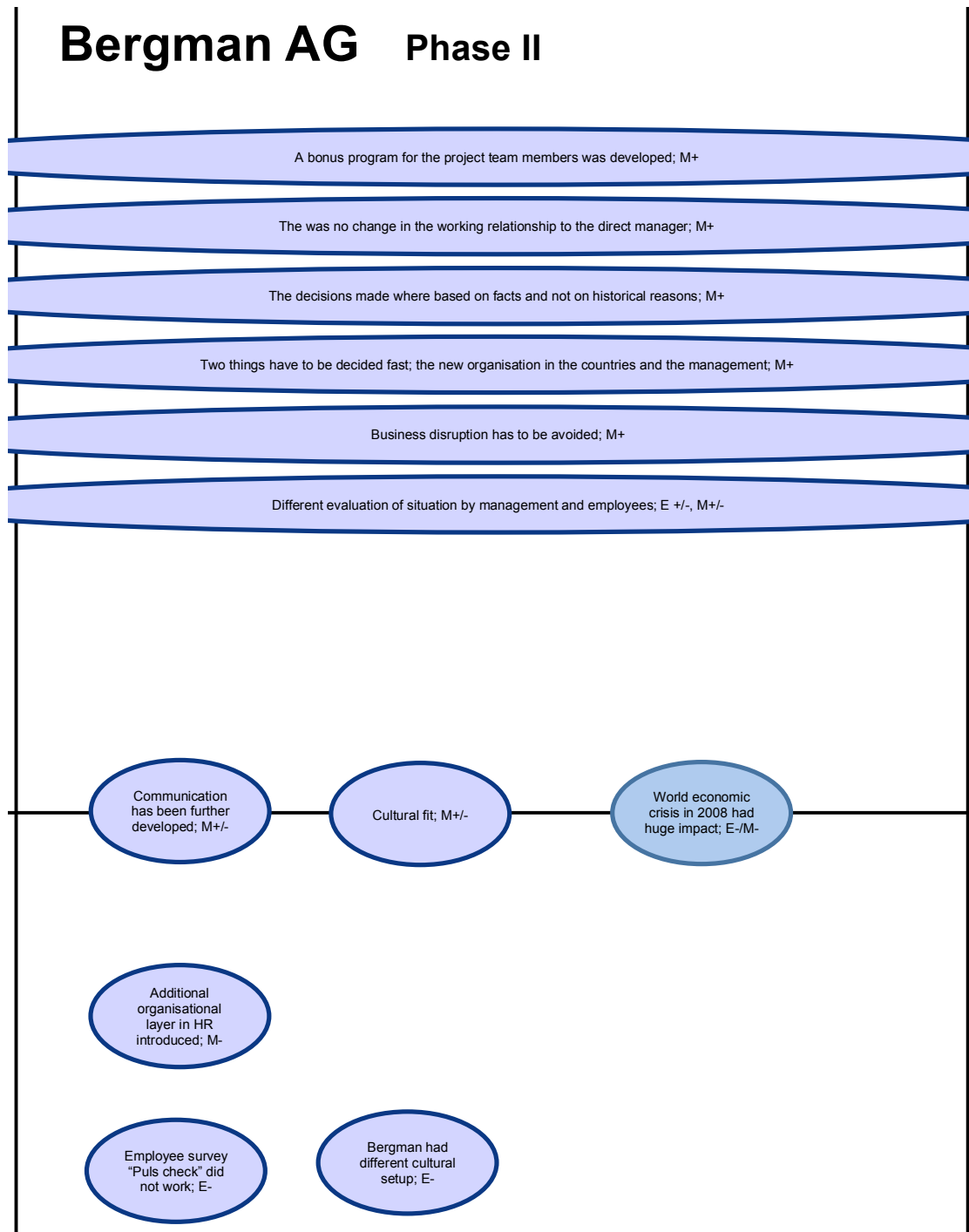
Efcom GmbH Phase I



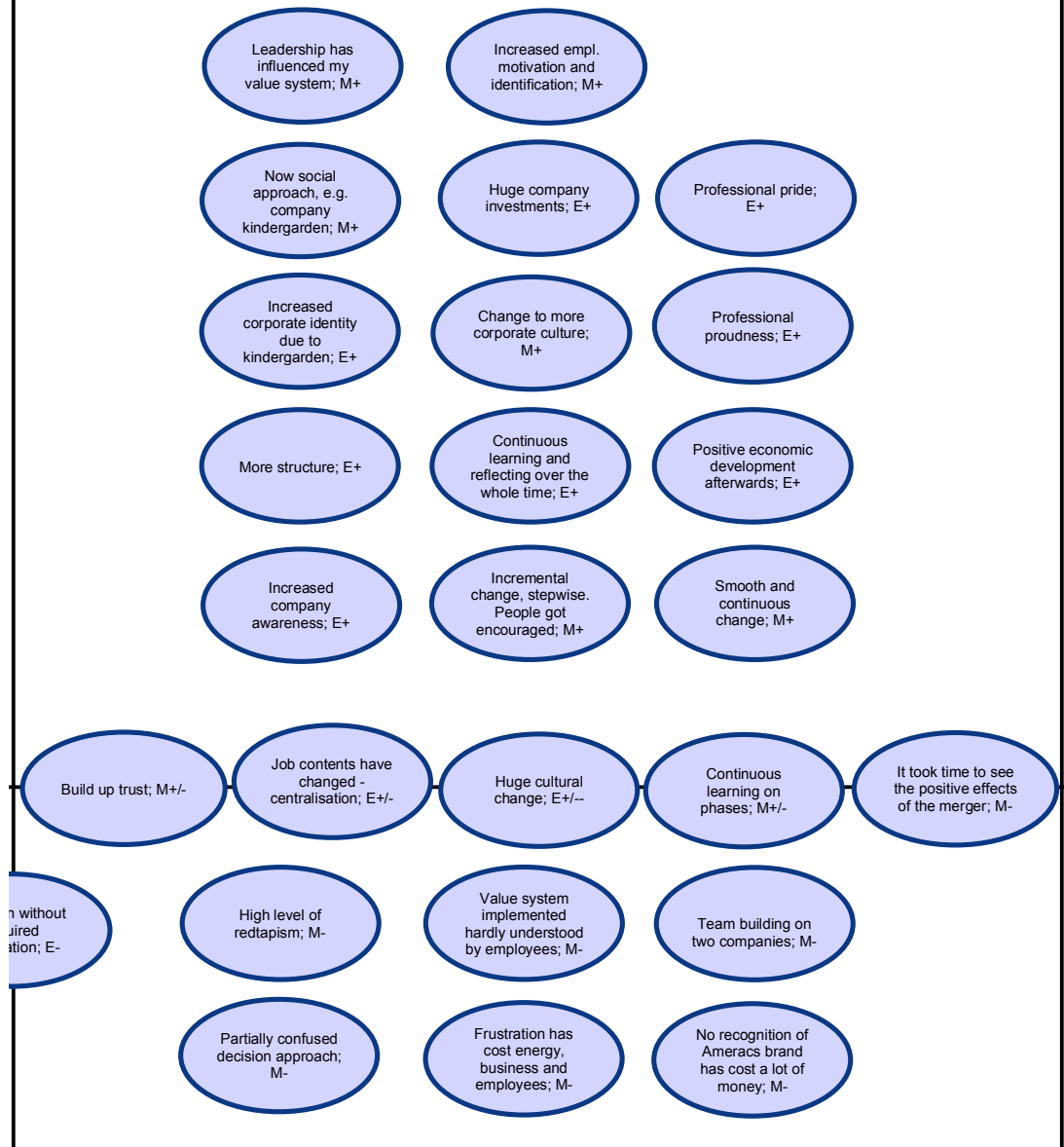
Lindeman AG Phase I



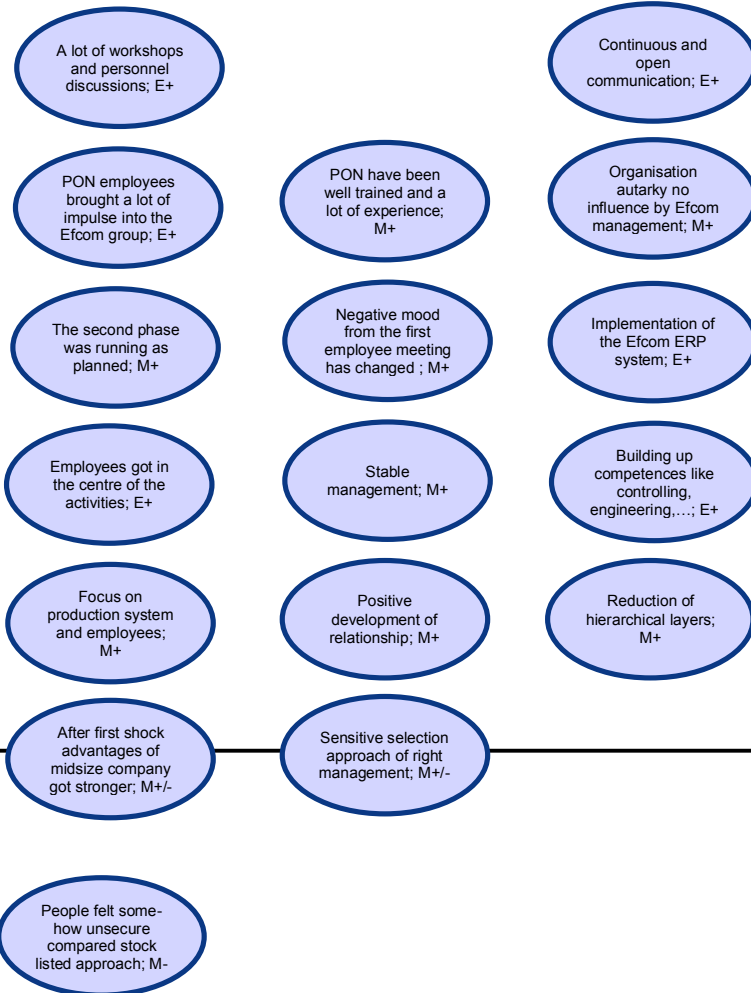
Appendix 7 – integration charts – Phase 2



Muntberg AG Phase II

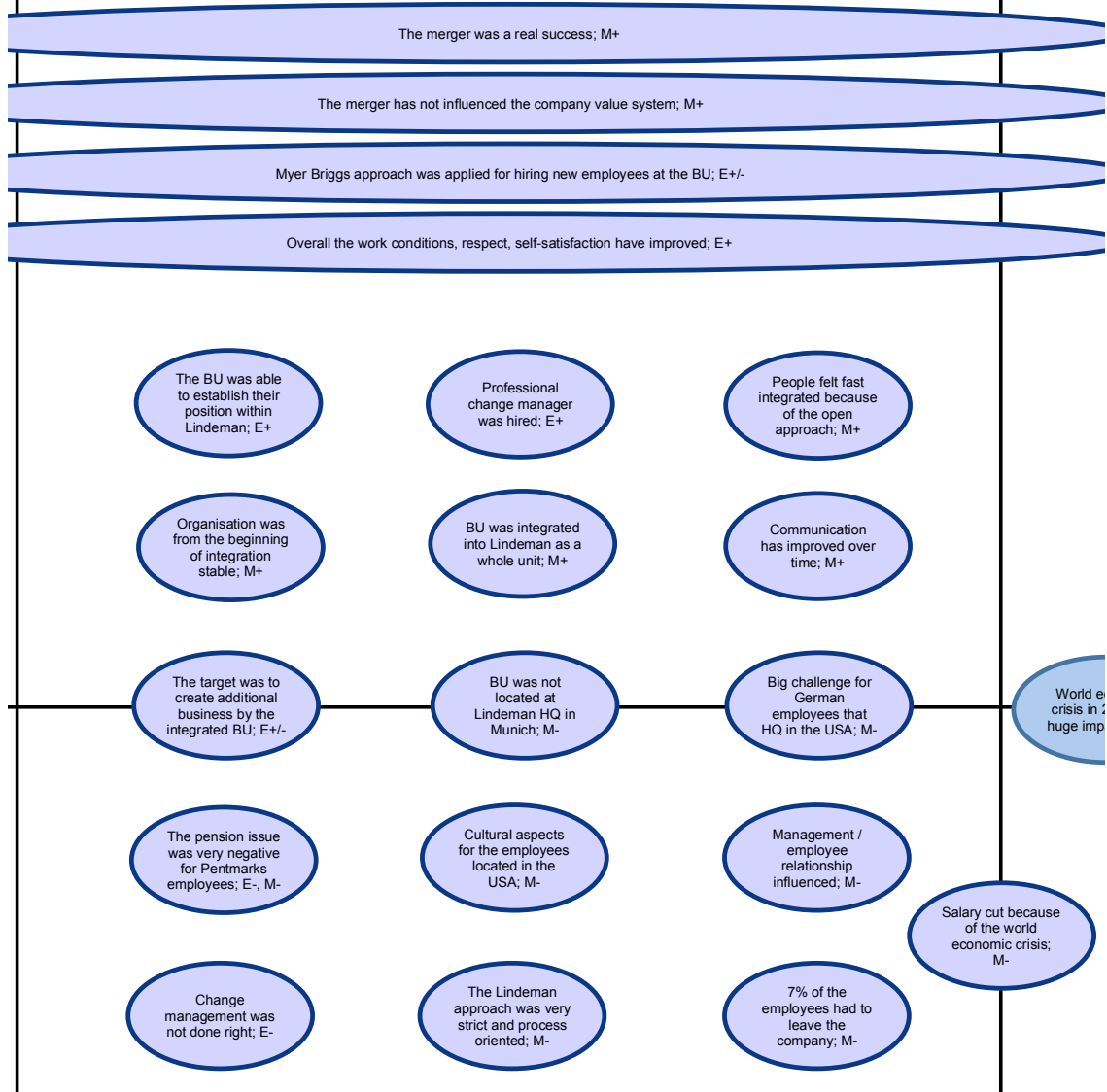


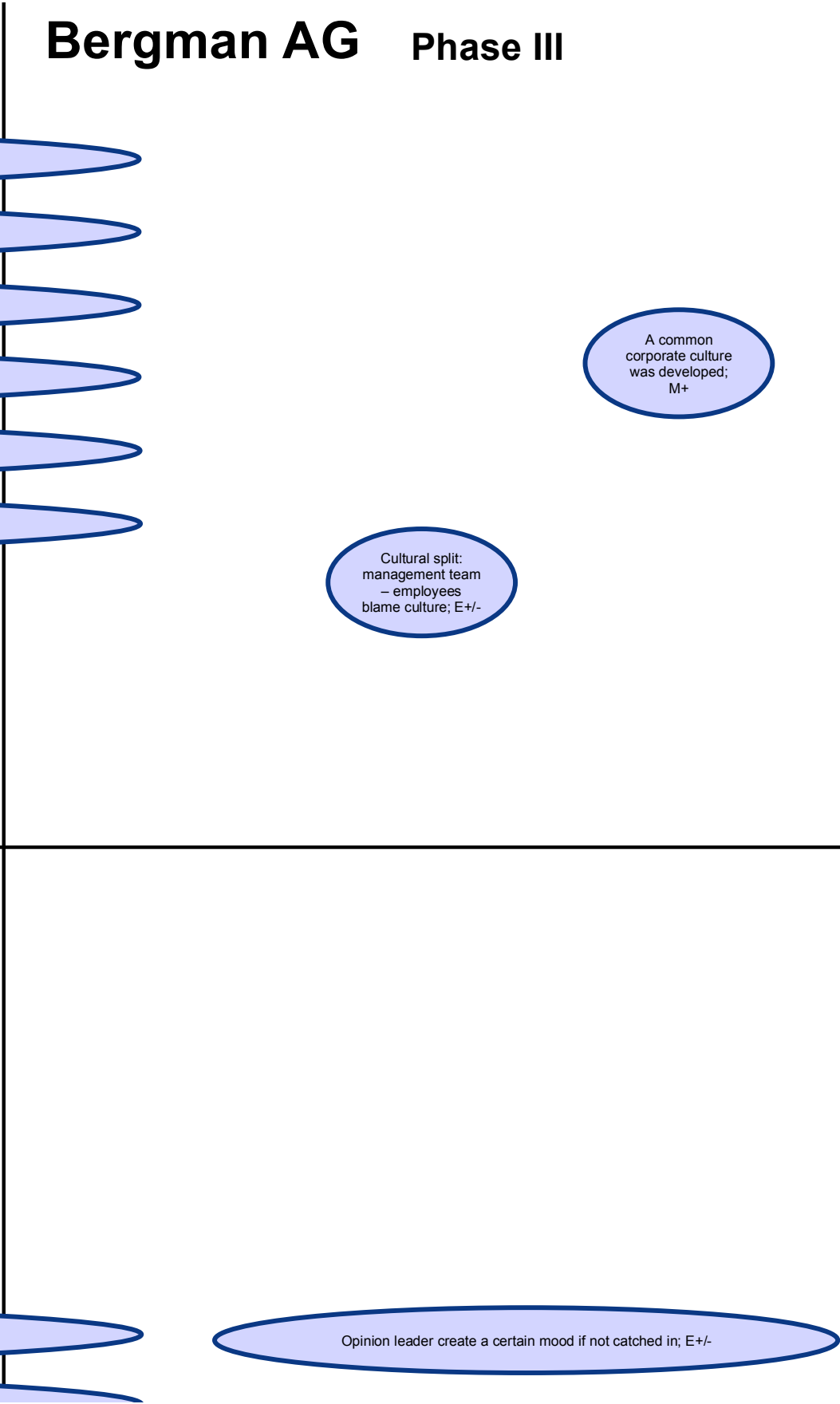
Efcom GmbH Phase II



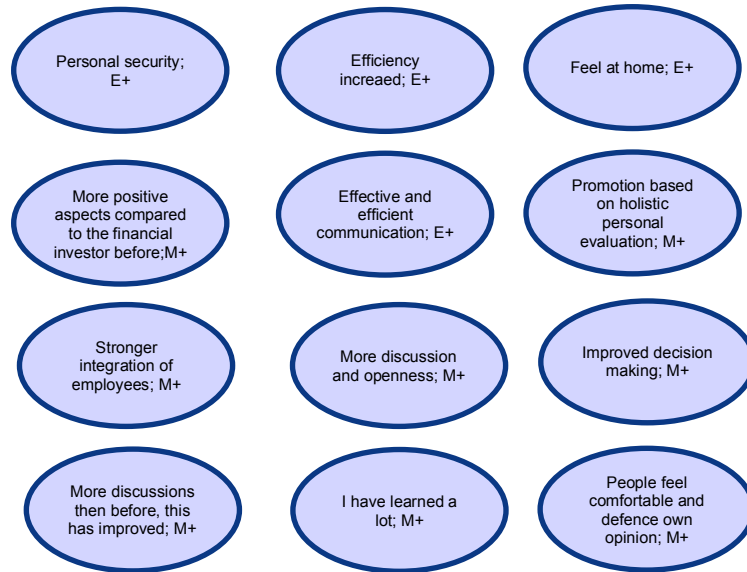
Lindeman AG Phase II

Lin





Muntberg AG Phase III



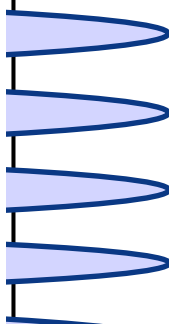
On the worker
level no influence;
E+/-+

More complicated
decision
processes; E-

Decision
processes got
worse; E-

Only a few
mentioned things
have been
implemented; M-

Identification still
Ameracs; M-



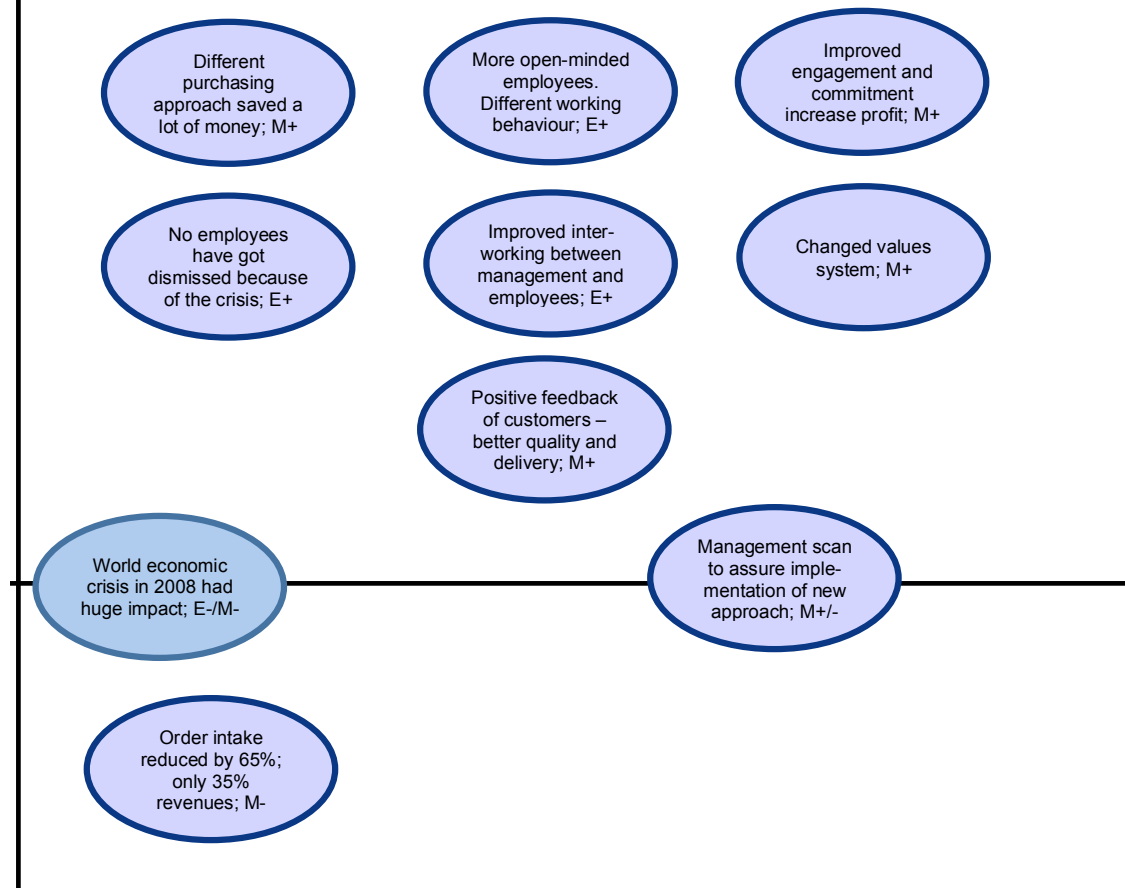
Opinion leader create a certain mood if not caught in; E+/-

Be faster by not losing people; M+

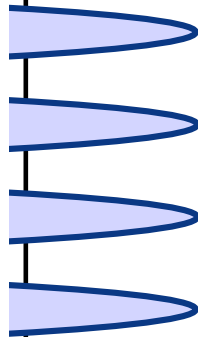
Avoid things which hinder; M+

Open to how things are done; M+

Efcom GmbH Phase III



Lindeman AG Phase III



Transfer of BU headquarter from Allentown to Munich; M+

CEO of integrated BU has been changed; M+

BU fully integrated in to the Lindeman group; M+

The BU has got more and more popular within W.; M+

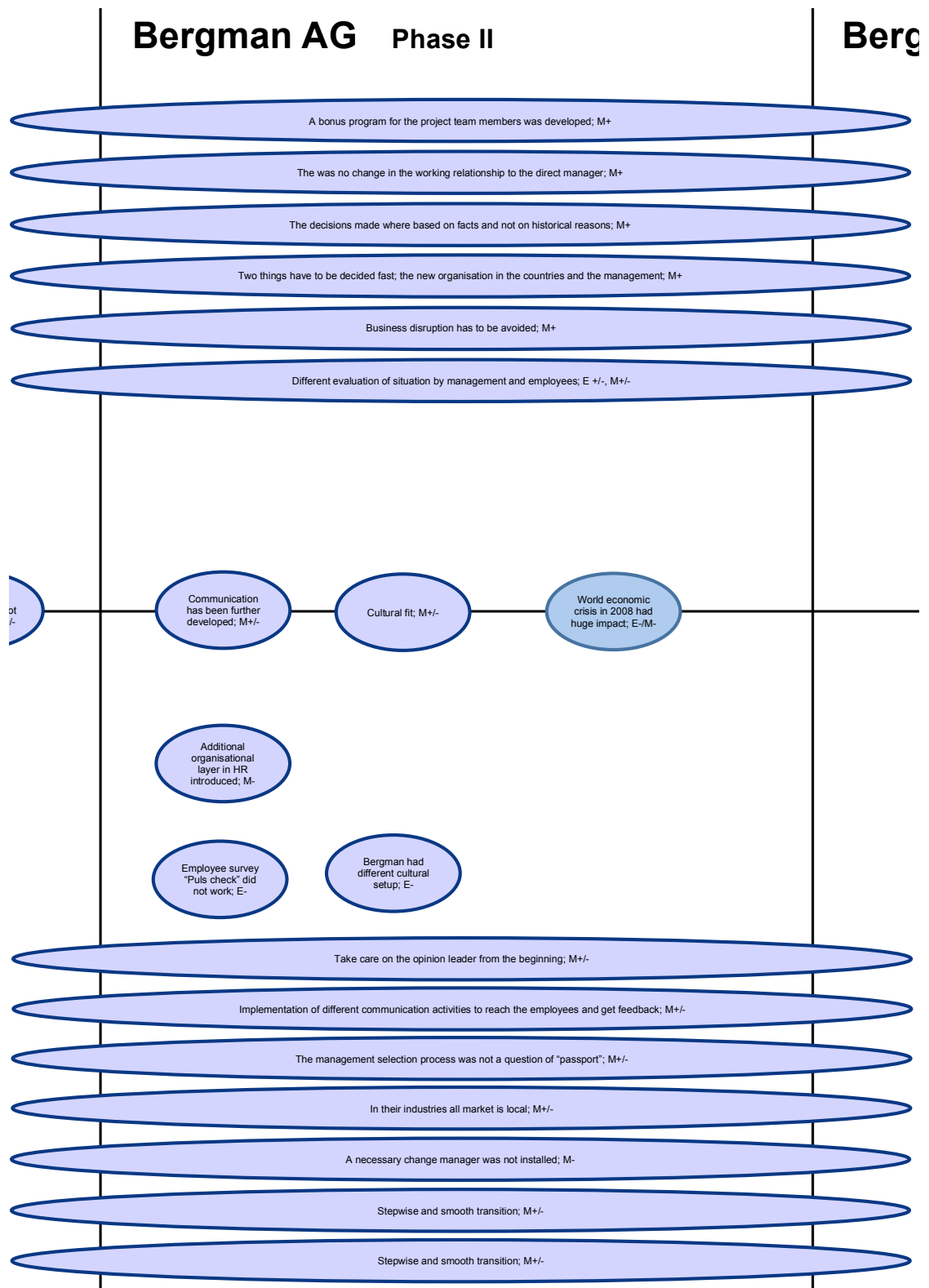
Increased job opportunities around the world in the BU; M+

Cultural change in the BU towards open culture of feedback; M+

World economic crisis in 2008 had huge impact; E-/M-

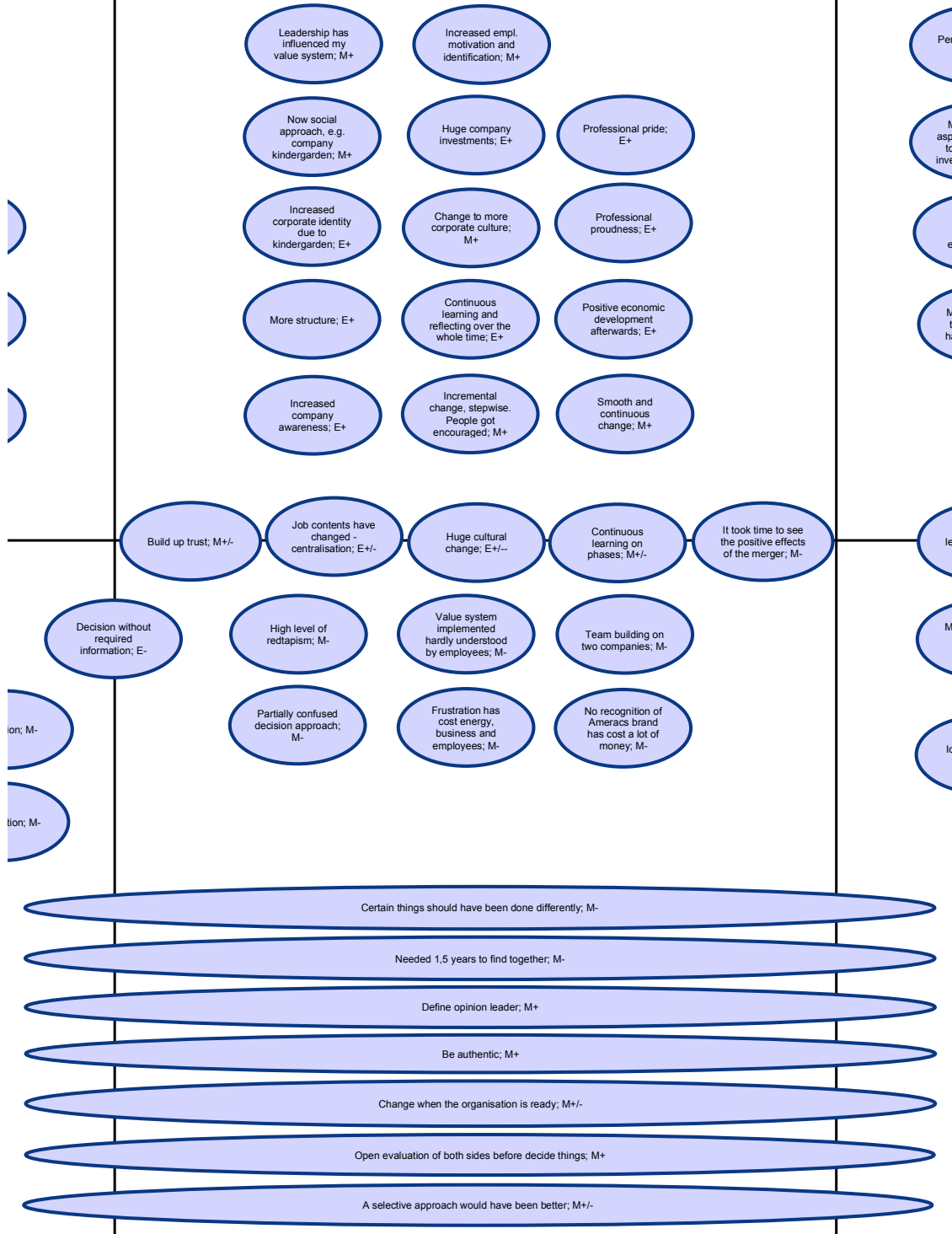
but because the world economic crisis; M-

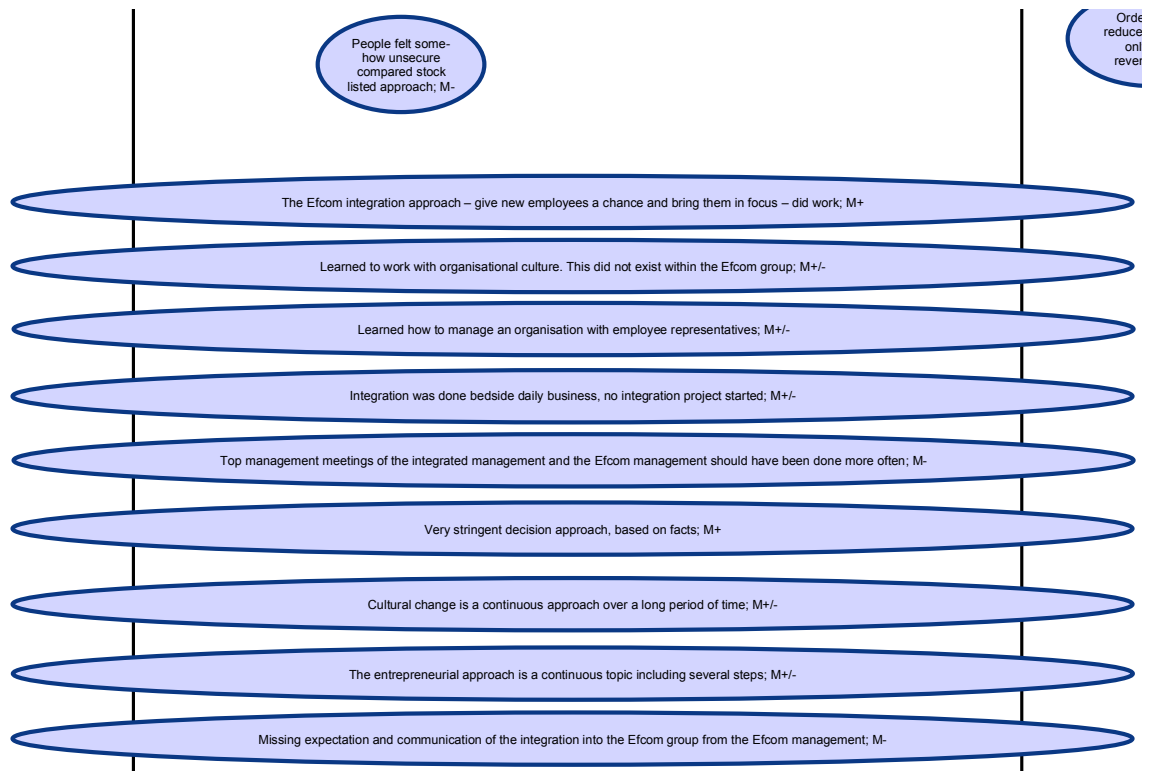
Appendix 9 – integration charts – General



Muntberg AG Phase II

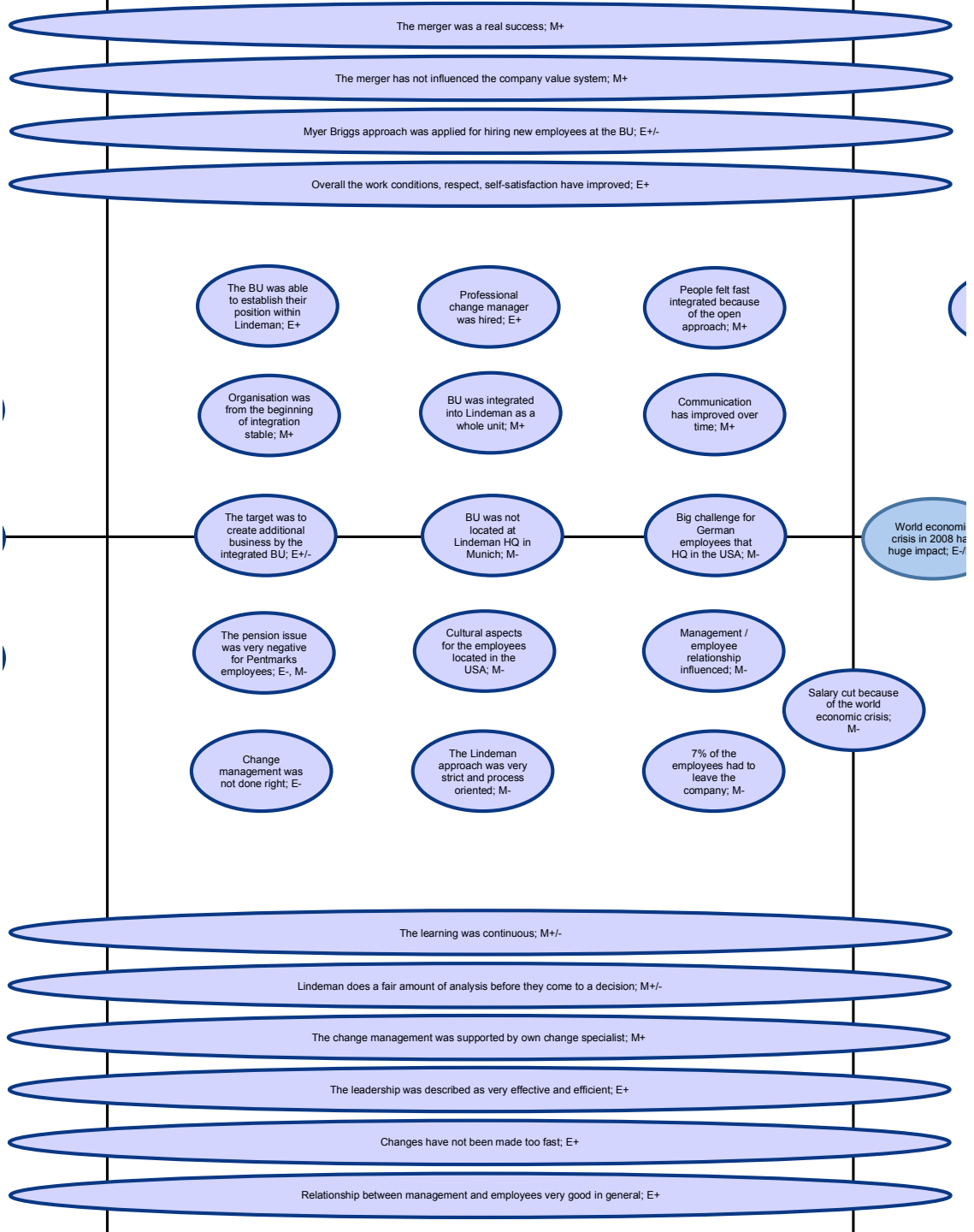
Munt





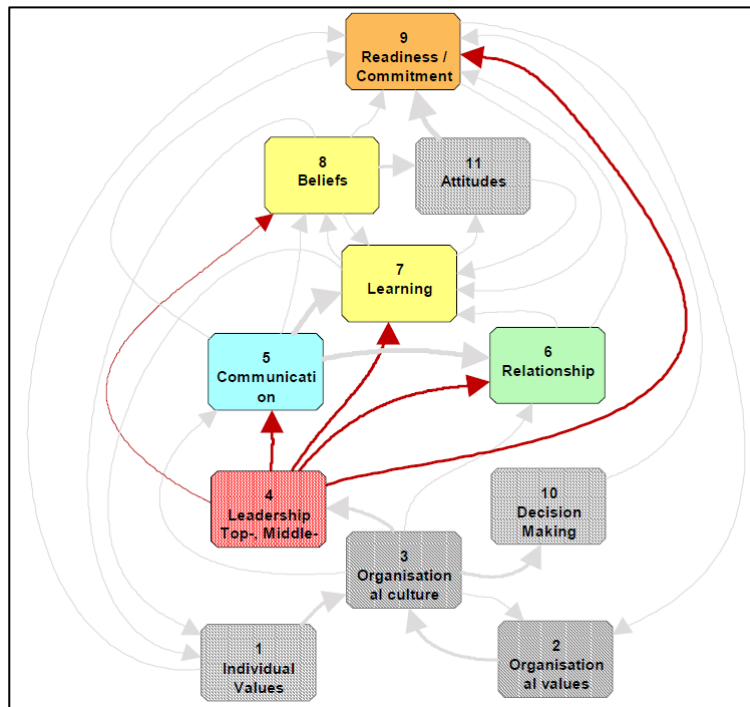
Lindeman AG Phase II

Lindeman AG



Appendix 10 – Leadership influence step approach

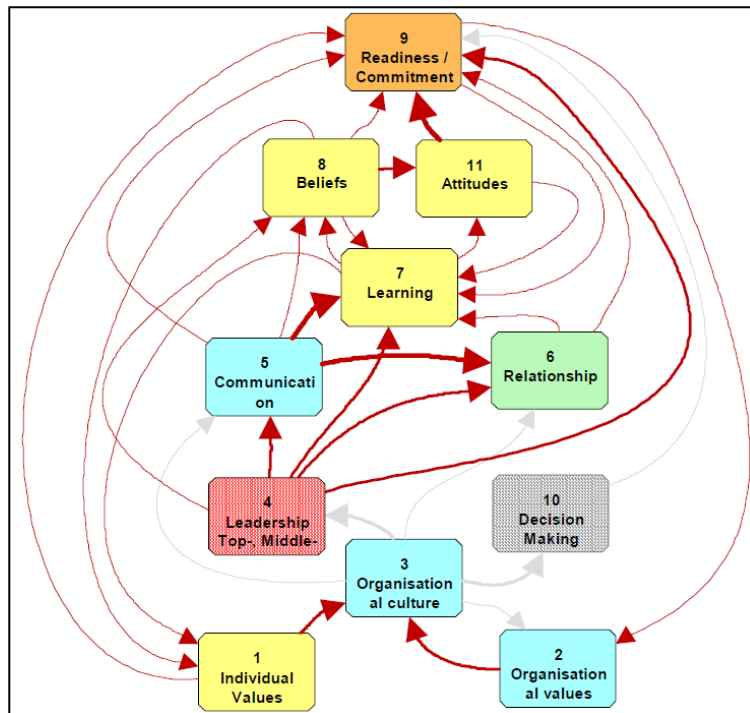
Leadership influence approach_Step 1



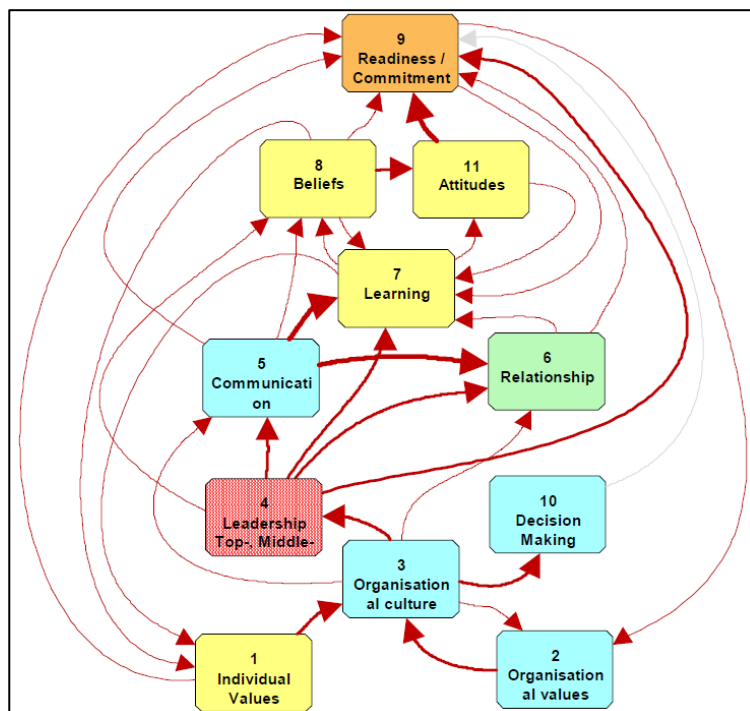
Leadership influence approach_Step 2



Leadership influence approach_Step 3



Leadership influence approach_Step 4

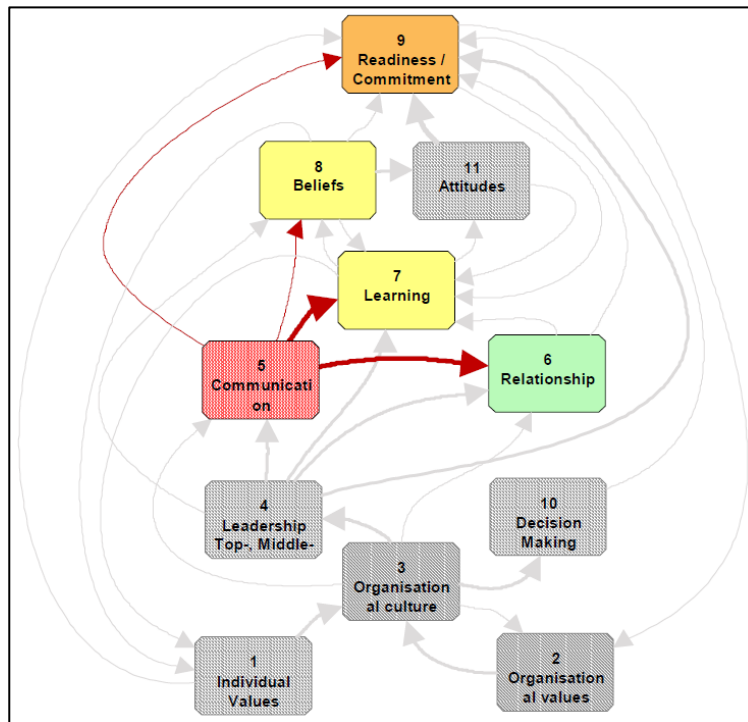


Leadership influence approach_Step 5

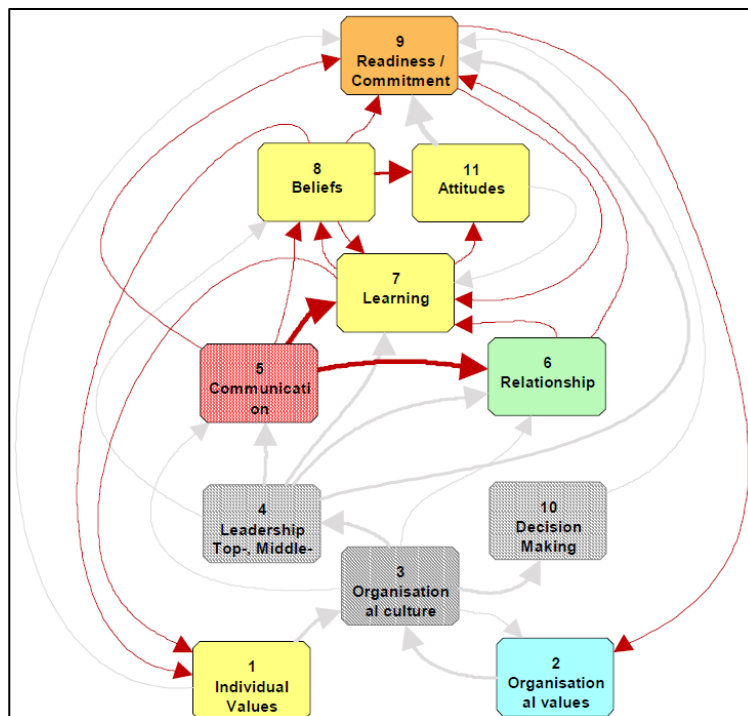


Appendix 11 – Communication influence step approach

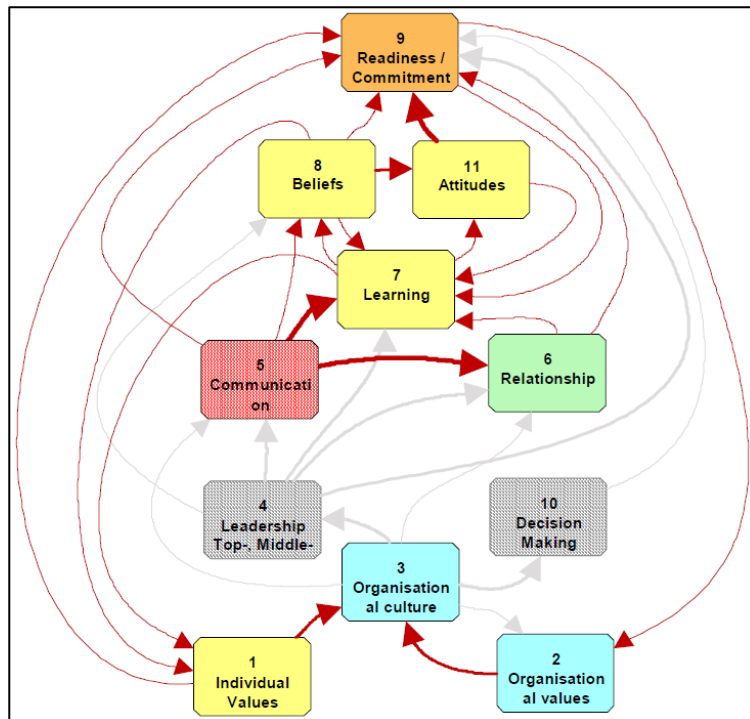
Communication influence approach_Step 1



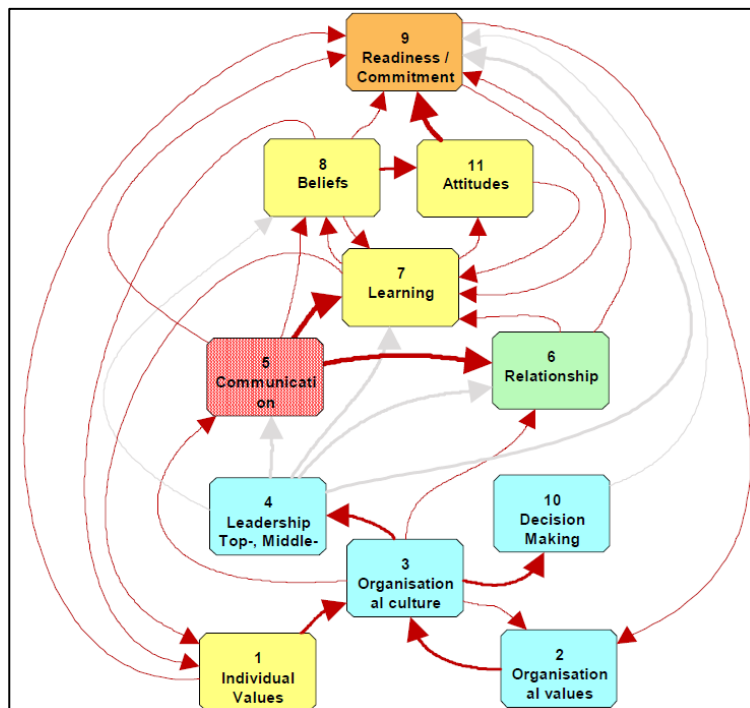
Communication influence approach_Step 2



Communication influence approach_Step 3



Communication influence approach_Step 4



Communication influence approach_Step 5

